GA - SEGONYANA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

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ANNUAL FINANCIAL STATEMENTS
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GENERAL INFORMATION

MAYOR

Cllr TG Anthony

SPEAKER

Cllr TE Meyers

MEMBERS OF THE EXECUTIVE COMMITTEE

Cllr FP Byleveld
Cllr KA Keikabile
Cllr EB Modise

GRADING OF THE LOCAL AUTHORITY

Grade 4

EXTERNAL AUDITORS

Office of the Auditor General (Kimberley)
Private bag X 5013
Kimberley
8300

PRIMARY BANKER

ABSA Bank Kuruman

REGISTERED OFFICE

Corner of Voortrekker & Skool Street
Kuruman
8460

Private Bag X1522
Kuruman
8460

Telephone: (053) 7129300 Facsimile: (053) 7123581
Website: http://www. ga-segonyana.gov.za
E mail: kurmun@ga-segonyana.gov.za

MUNICIPAL MANAGER

Mr. GE Ntefang

CHIEF FINANCIAL OFFICER

Ms. K Khoabane

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

G E Ntefang	**K Khoabane**
MUNICIPAL MANAGER	**CHIEF FINANCIAL OFFICER**
31 August 2014	31 August 2014

GA – SEGONYANA MUNICIPALITY

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for the year ended 30 June 2014

MEMBERS OF THE COUNCIL

COUNCILLORS		WARD / PROPOTIONAL
F.P.	Byleveld	1
M.C.	Leberegane	2
N.G.	Morogong	3
P.Q.	Mogatle	4
N.G.	Disipi	5
T.T.	Tlholonyane	6
M.J.	Polelo	7
T.H.	Lekgetho	8
L.C.	Rapelang	9
M.J.	Dichabe	10
T.E.	Meyers	11
L.S.	Motingwe	12
S.M.	Rayn	13
T.G.	Anthony	P
G.C.	Assegaai	P
K.	Bles	P
N.S.	Bloem	P
M.A.P.	Brink	P
K.A.	Keikabile	P
K.B.	Madikiza	P
K.R.	Makwati	P
B.E.	Modise	P
R.R.	Molelekwa	P
B.A.	Motlatsi	P
N.G.	Thupaemang	P

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

_____
G E Ntefang
MUNICIPAL MANAGER
31 August 2014

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AUDIT REPORT

The 2012/13 Audit Report was not available when the Annual Financial Statements were approved and will be attached hereto as Annexure “A” when received after the completion of the statutory audit.

GA-SEGONYANA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Ga-Segonyana Municipality at 30 June 2014.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2013/14 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2014 indicates an increase in Net Assets, an increase in Non-current Liabilities and a decrease in Current Liabilities.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of the surplus generated on the operating account. The increase in Non-current Liabilities is primarily as a result of the increases in Retirement Benefit Liabilities and Long-service Benefits. The decrease in Current Liabilities is primarily as a result of the decrease in Payables as well as Unspent Conditional Grants.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

INDICATOR	2014	2013
Surplus / (Deficit) before Appropriations	45 998 491	15 509 807
Surplus / (Deficit) at the end of the Year	908 491 624	862 994 634
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	25.20%	21.83%
Remuneration of Councillors	2.28%	2.42%
Collection Costs	0.00%	0.00%
Depreciation and Amortisation	14.25%	14.45%
Impairment Losses	1.42%	4.03%
Repairs and Maintenance	9.56%	7.97%
Interest Paid	0.95%	1.76%
Bulk Purchases	18.51%	20.33%
Contracted Services	0.00%	0.00%
Grants and Subsidies Paid	0.09%	0.00%
General Expenses	27.74%	26.36%
Current Ratio:		
Trade Creditors Days	19	30
Debtors from Exchange Transactions Days	49	42

2.2 Performance Indicators:

INDICATOR	2014	2013
Financial Position		
Debtors Management:		
Outstanding Debtors to Revenue	9.93%	9.41%
Outstanding Service Debtors to Revenue	19.82%	16.00%
Liquidity Management:		
Liquidity Ratio	0.37	0.36
Liability Management:		
Capital Cost as percentage of Own Revenue	3.63%	6.18%
Borrowed Funding as percentage of Own Capital Expenditure	0.00%	0.00%
Borrowing as percentage of Total Capital Assets	2.75%	3.07%
Safety of Capital:		
Gearing	2.85%	3.21%
Financial Viability:		
Debt Coverage	37.47	26.03
Cost Coverage	0.06	0.09
Financial Performance		
Expenditure Management:		
Creditors to Cash and Investments	125.94%	86.60%
Capital Expenditure on Infrastructure to Total Capital Expenditure	12537.66%	-1314.47%

A detailed ratio analysis, together with explanantions, is included in Appendix "H".

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

The services offered by Mogalakwena Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2014 are as follows:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	941 459 784	925 999 224	1.67	-	100.00
Operating income for the year	342 007 636	280 430 679	21.96	294 315 147	16.20
Appropriations for the year	-	-	-	-	-
	1 283 467 420	1 206 429 904	6.39	294 315 147	336.09
Expenditure:					
Operating expenditure for the year	296 009 145	264 920 873	11.73	305 258 072	(3.03)
Sundry transfers	-	49 247	(100.00)	-	-
Closing surplus / (deficit)	987 458 275	941 459 784	4.89	(10 942 925)	(9 123.71)
	1 283 467 420	1 206 429 904	6.39	294 315 147	336.09
	(0)				

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	79 462 678	78 653 650	1.03	107 731 448	(26.24)
Expenditure	149 275 338	117 709 112	26.82	156 073 755	(4.36)
Surplus / (Deficit)	(69 812 660)	(39 055 461)	78.75	(48 342 307)	44.41
Surplus / (Deficit) as % of total income	(87.86)%	(49.65)%		(44.87)%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	-	-	-	-	-
Expenditure	3 708	3 274	13.24	3 231	14.77
Surplus / (Deficit)	(3 708)	(3 274)	13.24	(3 231)	14.77
Surplus / (Deficit) as % of total income	(100.00)%	(100.00)%		(100.00)%	

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	64 541 666	37 265 829	73.19	37 500 969	72.11
Expenditure	27 785 851	25 693 494	8.14	21 130 133	31.50
Surplus / (Deficit)	36 755 815	11 572 335	217.62	16 370 836	124.52
Surplus / (Deficit) as % of total income	56.95%	31.05%		43.65%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R54 784 014 (2013: R53 847 495). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	105 831 260	96 020 084	10.22	104 427 615	1.34
Expenditure	73 344 551	80 816 485	(9.25)	79 453 072	(7.69)
Surplus / (Deficit)	32 486 710	15 203 599	113.68	24 974 543	30.08
Surplus / (Deficit) as % of total income	30.70%	15.83%		23.92%	

3.5 Water Services:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	92 172 032	68 491 116	34.58	44 655 115	106.41
Expenditure	45 599 697	40 698 508	12.04	48 597 881	(6.17)
Surplus / (Deficit)	46 572 334	27 792 608	67.57	(3 942 766)	(1 281.21)
Surplus / (Deficit) as % of total income	50.53%	40.58%		(8.83)%	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R82 894 325 (2012/13: R57 927 468). Full details of Assets are disclosed in Notes 9, 10, 11, 12 and Appendices "B, C and E (4)" to the Annual Financial Statements.

The capital expenditure of R82 894 325 was financed as follows:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Capital Replacement Reserve	-	-	-	-	-
Grants and Subsidies	-	-	-	-	-
Public Contributions	-	-	-	-	-
Own Funds (Accumulated Surplus)	603 320	(3 995 234)	(115.10)	-	100.00
	603 320	(3 995 234)	(115.10)	-	100.00

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2014	2013
Variance per Category:		
Budgeted surplus before appropriations	(10 942 925)	(2 641 466)
Revenue variances	47 692 488	18 988 888
Expenditure variances:		
Employee Related Costs	(921 515)	596 433
Remuneration of Councillors	(24 214)	(48 782)
Collection Costs	-	-
Depreciation and Amortisation	(4 384 776)	(25 263 001)
Impairment Losses	(3 686 056)	(9 197 844)
Repairs and Maintenance	4 478 105	1 555 897
Interest Paid	40 918	2 475 706
Bulk Purchases	5 495 844	(418 535)
Contracted Services	-	-
Grants and Subsidies Paid	70 643	-
General Expenses	8 203 531	31 710 861
Loss on disposal of Property, Plant and Equipment	(23 552)	(2 248 349)
Actual surplus before appropriations	45 998 491	15 509 807

DETAILS	2014	2013
Variance per Service Segment:		
Budgeted surplus before appropriations	(10 942 925)	(2 641 466)
Executive and Council	1 246 324	67 561
Finance and Administration	(11 823 068)	(1 382 549)
Planning and Development	(21 664 835)	(559 584)
Health	85 159	65 095
Community and Social Services	113 096	323 625
Housing	(477)	(2 874)
Public Safety	(464 384)	3 693 880
Sport and Recreation	400 072	902 401
Environmental Protection	-	-
Waste Management	20 384 979	(2 233 174)
Roads and Transport	10 096 162	(5 122 075)
Water	50 515 100	27 377 607
Electricity	7 512 167	(5 214 953)
Other	541 121	236 312
Revenue Foregone	-	-
Actual surplus before appropriations	45 998 491	15 509 807

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

5.2 Capital Budget:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Variance actual 2013/14 / 2012/13 R	Budgeted 2013/14 R	Variance actual/ budgeted R
Executive and Council	-	-	-	-	-
Finance and Administration	-	-	-	-	-
Planning and Development	-	-	-	-	-
Health	-	-	-	-	-
Community and Social Services	603 320	882 680	(279 360)	-	603 320
Housing	-	-	-	-	-
Public Safety	-	-	-	-	-
Sport and Recreation	-	-	-	-	-
Environmental Protection	-	-	-	-	-
Waste Management	-	-	-	-	-
Roads and Transport	-	-	-	-	-
Water	-	-	-	-	-
Electricity	-	(4 877 914)	4 877 914	-	-
Other	-	-	-	-	-
	603 320	(3 995 234)	4 598 554	-	603 320

Details of the results per segmental classification of capital expenditure are included in Appendix "C" and in Appendix "E (4)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2014 amounted to R908 491 624 (30 June 2013: R862 994 634) and is made up as follows:

Capitalisation Reserve	(78 475 343)

Accumulated Surplus	986 966 967
	908 491 624

The Capitalisation Reserve is utilised to offset the cost of depreciation of assets funded from Internal Advances (not applicable anymore) over the lifespan of such assets.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 22 and the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2014 was R25 906 636 (30 June 2013: R27 679 212).

Loans to the amount of R0 (2012/13: R0) was taken up during the financial year to enable the municipality to finance part of its capital requirements for the year.

Refer to Note 19 and Appendix "A" for more detail.

8. EMPLOYEE BENEFIT LIABILITIES

Emplyee Benefit Liabilities amounted R21 485 128 as at 30 June 2014 (30 June 2013: R19 416 221) and is made up as follows:

Post-retirement Health Care Benefits Liability	18 695 945
Long Service Awards Liability	2 789 183
	21 485 128

The Post-retirement Health Care Benefits Liability is in respect of continued Healh Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 20 for more detail.

9. NON-CURRENT PROVISIONS

Non-current Provisions amounted R10 244 897 as at 30 June 2014 (30 June 2013: R9 612 415) and is made up as follows:

Provision for Rehabilitation of Land-fill Sites	10 244 897
	10 244 897

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 21 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R40 463 275 as at 30 June 2014 (30 June 2013: R55 608 968) and is made up as follows:

Consumer Deposits	Note 14	2 655 066
Provisions	Note 15	1 017 533
Payables from Exchange Transactions	Note 16	18 833 812
Payables from Non-exchange Transactions	Note 17	8 955 056
Unspent Conditional Grants and Receipts	Note 18	6 811 257
Current Portion of Long-term Liabilities	Note 19	2 190 551
		40 463 275

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R937 496 943 as at 30 June 2014 (30 June 2013: R897 774 028).

Refer to Note 9 and Appendices "B, C and E (4)" for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R657 844 as at 30 June 2014 (30 June 2013: R865 236).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 10 and Appendix "B" for more detail.

13. INVESTMENT PROPERTY

The net value of Investment Properties were R661 000 as at 30 June 2014 (30 June 2013: R661 000).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 11 and Appendix "B" for more detail.

14. HERITAGE ASSETS

The net value of Heritage Assets were R1 686 000 as at 30 June 2014 (30 June 2013: R1 686 000).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 12 and Appendix "B" for more detail.

15. LONG-TERM RECEIVABLES

Long-term Receivables of R388 197 at 30 June 2014 (30 June 2013: R432 039) is made up as follows:

Debtors Capitalised Loans	451 687
Housing Loans	204 788
	656 475
Less: Short-term portion included in Current Assets	268 278
	388 197

The decrease in the amount for Long-term Receivables is due to the increased amount in the short-term portion due to agreements expiring in the year 2014/15.

Refer to Note 13 for more detail.

16. CURRENT ASSETS

Current Assets amounted R65 701 575 as at 30 June 2014 (30 June 2013: R73 893 147) and is made up as follows:

Inventories	Note 2	21 560 052
Receivables from Exchange Transactions	Note 3	15 858 474
Receivables from Non-exchange Transactions	Note 4	7 661 223
VAT Receivable	Note 5	5 396 525
Cash and Cash Equivalents	Note 6	14 954 566
Current Portion of Long-term Debtors	Note 13	270 734
		65 701 575

The increase in the amount for Current Assets is mainly due to the increased amount for Receivables from Non-exchange Transactions in respect of expenditure incurred to be claimed from DWA.

Refer to the indicated Notes for more detail.

17. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 18 and 26, and Appendix "F" for more detail.

18. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 55.

19. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

29 August 2014

GA-SEGONYANA MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Note	Actual 2014 R	2013 Restated R
ASSETS			
Current Assets		**65 701 575**	**73 893 147**
Inventories	**2**	21 560 052	21 527 047
Receivables from Exchange Transactions	**3**	15 858 474	12 777 821
Receivables from Non-exchange Transactions	**4**	7 661 223	4 924 511
VAT Receivable	**5**	5 396 525	14 497 817
Cash and Cash Equivalents	**6**	14 954 566	19 893 500
Operating Lease Receivables	**7**	0	1 717
Current Portion of Long-term Receivables	**8**	270 734	270 734
Non-Current Assets		**940 889 984**	**901 418 303**
Property, Plant and Equipment	**9**	937 496 943	897 774 028
Intangible Assets	**10**	657 844	865 236
Investment Property	**11**	661 000	661 000
Heritage Assets	**13**	1 686 000	1 686 000
Long-term Receivables	**13**	388 197	432 039
Total Assets		**1 006 591 559**	**975 311 450**
LIABILITIES			
Current Liabilities		**40 463 275**	**55 608 968**
Consumer Deposits	**14**	2 655 066	2 430 997
Provisions	**15**	1 017 533	995 924
Payables from Exchange Transactions	**16**	18 833 812	17 228 504
Payables from Non-exchange Transactions	**17**	8 955 056	9 525 600
Unspent Conditional Grants and Receipts	**18**	6 811 257	22 694 232
Current Portion of Long-term Liabilities	**19**	2 190 551	2 733 711
Non-Current Liabilities		**57 636 660**	**56 707 848**
Long-term Liabilities	**19**	25 906 636	27 679 212
Employee Benefit Liabilities	**20**	21 485 128	19 416 221
Non-current Provisions	**21**	10 244 897	9 612 415
Total Liabilities		**98 099 935**	**112 316 816**
Total Assets and Liabilities		**908 491 624**	**862 994 634**
NET ASSETS		**908 491 624**	**862 994 634**
Accumulated Surplus / (Deficit)	**22**	908 491 624	862 994 634
Total Net Assets		**908 491 624**	**862 994 634**

GA-SEGONYANA MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2014 R	2013 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	**23**	17 988 383	16 889 433
Fines	**24**	2 259 740	4 814 028
Licences and Permits	**25**	3 815 354	3 418 722
Income from Agency Services	**N/A**	-	-
Government Grants and Subsidies Received	**26**	175 245 487	152 369 838
Public Contributions and Donations	**27**	25 731 206	2 196 200
Revenue from Exchange Transactions			
Service Charges	**28**	99 717 858	93 571 567
Rental of Facilities and Equipment	**29**	1 026 270	1 265 072
Interest Earned - External Investments	**30**	1 448 305	1 714 060
Interest Earned - Outstanding Debtors	**30**	1 287 280	636 884
Other Revenue	**31**	13 268 563	2 507 167
Gains on Disposal of Property, Plant and Equipment	**N/A**	-	-
Profit on Sale of Land:-	**32**	219 190	1 047 709
Sale of Land		219 190	1 047 709
Cost of Sales		-	-
Total Revenue		**342 007 636**	**280 430 679**
EXPENDITURE			
Employee Related Costs	**33**	74 606 633	57 823 623
Remuneration of Councillors	**34**	6 743 473	6 418 885
Collection Costs	**N/A**	-	-
Depreciation and Amortisation	**35**	42 167 801	38 291 701
Impairment Losses	**36**	4 190 896	10 682 204
Repairs and Maintenance	**37**	28 294 786	21 119 447
Finance Costs	**38**	2 801 222	4 661 124
Bulk Purchases	**39**	54 784 014	53 847 495
Contracted Services	**N/A**	-	-
Grants and Subsidies Paid	**40**	279 357	-
General Expenses	**41**	82 117 410	69 828 044
Loss on Disposal of Property, Plant and Equipment	**N/A**	23 552	2 248 349
Total Expenditure		**296 009 145**	**264 920 873**
SURPLUS / (DEFICIT) FOR THE YEAR		**45 998 491**	**15 509 807**

Refer to Budget Statement for explanation of budget variances

GA-SEGONYANA MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

Description	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R
2013		
Balance at 30 June 2012	847 534 074	847 534 074
Change in Accounting Policy (Note 42)	-	-
Correction of Error (Note 43)	(49 247)	(49 247)
Restated Balance	**847 484 828**	**847 484 828**
Surplus / (Deficit) for the year	15 509 807	15 509 807
Contributions to Funds and Reserves	-	-
Interest allocated to Funds and Reserves	-	-
Donated / Contributed PPE	-	-
Grants utilised to obtain PPE	-	-
Funds and Reserves utilised to finance PPE	-	-
Asset disposals	-	-
Offsetting of Depreciation	-	-
Balance at 30 June 2013	**862 994 634**	**862 994 634**
2014		
Change in Accounting Policy (Note 42)	-	-
Correction of Error (Note 43)	-	-
Restated Balance	**862 994 634**	**862 994 634**
Surplus / (Deficit) for the year	45 998 491	45 998 491
Contributions to Funds and Reserves	-	-
Interest allocated to Funds and Reserves	-	-
Donated / Contributed PPE	-	-
Grants utilised to obtain PPE	-	-
Funds and Reserves utilised to finance PPE	-	-
Asset disposals	-	-
Offsetting of Depreciation	-	-
Balance at 30 June 2014	**908 491 624**	**908 491 624**

Details on the movement of the Funds and Reserves are set out in Note 22.

GA-SEGONYANA MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	Actual 2014 R	2013 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	**23**	12 413 531	14 772 160
Government Grant and Subsidies	**26**	159 362 513	162 592 957
Public Contributions and Donations	**27**	25 731 206	2 196 200
Service Charges	**28**	96 111 534	84 665 737
Interest Received	**30**	1 448 305	1 714 060
Other Receipts	**31**	30 171 730	3 872 711
Payments			
Employee Related Costs	**33**	(72 516 117)	(56 151 519)
Remuneration of Councillors	**34**	(6 743 473)	(6 418 885)
Interest Paid	**38**	(2 801 222)	(4 661 124)
Suppliers Paid	**N/A**	(81 506 497)	(68 378 049)
Other Payments	**41**	(81 641 285)	(68 744 817)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**80 030 225**	**65 459 430**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**9**	(82 894 325)	(57 888 410)
Purchase of Intangible Assets	**10**	-	(39 058)
Proceeds on Disposal of Property, Plant and Equipment	**N/A**	(23 552)	(2 248 349)
Proceeds on Disposal of Intangible Assets		1 422	-
Profit on Sale of Land	**32**	219 190	1 047 709
Decrease / (Increase) in Long-term Receivables	**13**	43 842	(180 953)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(82 653 423)**	**(59 309 061)**
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(2 315 736)**	**(3 120 747)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(4 938 934)**	**3 029 622**
Cash and Cash Equivalents at Beginning of Period		19 893 500	16 863 878
Cash and Cash Equivalents at End of Period	**6**	14 954 566	19 893 500

GA-SEGONYANA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Inventories	3 595 743	17 931 304	21 527 047	-	-	21 527 047	21 560 052	-	33 005	100.15	599.60
Non-current Assets Held-for-Sale	-	-	-	-	-	-	-	-	-	0.00	0.00
Receivables from Exchange Transactions	60 577 885	(32 292 085)	28 285 800	-	-	28 285 800	15 858 474	-	(12 427 326)	56.07	26.18
Receivables from Non-exchange Transactions	11 111 690	(6 341 985)	4 769 705	-	-	4 769 705	7 661 223	-	2 891 518	160.62	68.95
VAT Receivable	-	-	-	-	-	-	5 396 525	-	5 396 525	0.00	0.00
Cash and Cash Equivalents	33 209 782	(25 597 922)	7 611 860	-	-	7 611 860	14 954 566	-	7 342 706	196.46	45.03
Current Portion of Long-term Receivables	-	-	-	-	-	-	270 734	-	270 734	0.00	0.00
		-			-						
Non-Current Assets		-			-						
Property, Plant and Equipment	1 235 898 662	(162 786 833)	1 073 111 829	-	-	1 073 111 829	937 496 943	-	(135 614 886)	87.36	75.86
Intangible Assets	93 488	-	93 488	-	-	93 488	657 844	-	564 356	703.67	703.67
Investment Property	1 601 700	(897 700)	704 000	-	-	704 000	661 000	-	(43 000)	93.89	41.27
Heritage Assets	-	-	-	-	-	-	1 686 000	-	1 686 000	0.00	0.00
Long-term Receivables	465 395	-	465 395	-	-	465 395	388 197	-	(77 198)	83.41	83.41
Total Assets	1 346 554 345	(209 985 221)	1 136 569 124	-	-	1 136 569 124	1 006 591 559	-	(129 977 565)	88.56	74.75
Current Liabilities											
Consumer Deposits	4 562 201	(2 000 000)	2 562 201	-	-	2 562 201	2 655 066	-	92 865	103.62	58.20
Provisions	3 685 603	(3 207 000)	478 603	-	-	478 603	1 017 533	-	538 930	212.60	27.61
Payables from Exchange Transactions	39 865 255	(22 765 000)	17 100 255	-	-	17 100 255	18 833 812	-	1 733 557	110.14	47.24
Payables from Non-exchange Transactions	9 000 000	-	9 000 000	-	-	9 000 000	8 955 056	-	(44 944)	99.50	99.50
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	6 811 257	-	6 811 257	0.00	0.00
Current Portion of Long-term Liabilities	2 003 255	-	2 003 255	-	-	2 003 255	2 190 551	-	187 296	109.35	109.35
Non-Current Liabilities											
Long-term Liabilities	95 606 963	(68 606 963)	27 000 000	-	-	27 000 000	25 906 636	-	(1 093 364)	95.95	27.10
Retirement Benefit Liabilities	9 757 674	12 030 000	21 787 674	-	-	21 787 674	21 485 128	-	(302 546)	98.61	220.19
Non-current Provisions	-	-	-	-	-	-	10 244 897	-	10 244 897	0.00	0.00
Total Liabilities	164 480 951	(84 548 963)	79 931 988	-	-	79 931 988	98 099 935	-	18 167 947	122.73	59.64
Total Assets and Liabilities	**1 182 073 394**	**(125 436 258)**	**1 056 637 136**	**-**	**-**	**1 056 637 136**	**908 491 624**	**-**	**(148 145 512)**	**85.98**	**76.86**
Net Assets (Equity)											
Accumulated Surplus / (Deficit)	1 182 073 394	(125 436 258)	1 056 637 136	-	-	1 056 637 136	908 491 624	-	(148 145 512)	85.98	76.86
Total Net Assets	**1 182 073 394**	**(125 436 258)**	**1 056 637 136**	**-**	**-**	**1 056 637 136**	**908 491 624**	**-**	**(148 145 512)**	**85.98**	**76.86**
							(0)		(0)		

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Property Rates	27 474 139	215 000	27 689 139	-	-	27 689 139	17 988 383	-	(9 700 756)	64.97	65.47
Fines	4 057 061	-	4 057 061	-	-	4 057 061	2 259 740	-	(1 797 321)	55.70	55.70
Licences and Permits	3 522 022	402 000	3 924 022	-	-	3 924 022	3 815 354	-	(108 668)	97.23	108.33
Income for Agency Services	-	-	-	-	-	-	-	-	-	0.00	0.00
Government Grants and Subsidies Received	84 515 707	12 666 803	97 182 510	-	-	97 182 510	93 949 298	-	(3 233 212)	96.67	111.16
Public Contributions and Donations	-	-	-	-	-	-	25 731 206	-	25 731 206	0.00	0.00
Revenue from Exchange Transactions											
Service Charges	107 818 035	149 200	107 967 235	-	-	107 967 235	99 717 858	-	(8 249 377)	92.36	92.49
Rental of Facilities and Equipment	2 634 221	(903 000)	1 731 221	-	-	1 731 221	1 026 270	-	(704 951)	59.28	38.96
Interest Earned - External Investments	762 700	700 000	1 462 700	-	-	1 462 700	1 448 305	-	(14 395)	99.02	189.89
Interest Earned - Outstanding Debtors	1 088 910	400 000	1 488 910	-	-	1 488 910	1 287 280	-	(201 630)	86.46	118.22
Other Income	21 795 742	31 653 792	53 449 534	-	(5 137 185)	48 312 349	13 268 563	-	(35 043 786)	27.46	60.88
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Profit on Sale of Land	1 000 000	(500 000)	500 000	-	-	500 000	219 190	-	(280 810)	43.84	21.92
Total Revenue	254 668 537	44 783 795	299 452 332	-	(5 137 185)	294 315 147	260 711 447	-	(33 603 701)	88.58	102.37
Expenditure											
Employee Related Costs	74 664 283	(963 265)	73 701 018	-	(15 900)	73 685 118	74 606 633	921 515	921 515	101.25	99.92
Remuneration of Councillors	6 719 259	-	6 719 259	-	-	6 719 259	6 743 473	24 214	24 214	100.36	100.36
Collection Costs	-	-	-	-	-	-	-	-	-	0.00	0.00
Depreciation and Amortisation	37 783 025	-	37 783 025	-	-	37 783 025	42 167 801	4 384 776	4 384 776	111.61	111.61
Impairment Losses	504 840	-	504 840	-	-	504 840	4 190 896	3 686 056	3 686 056	830.14	830.14
Repairs and Maintenance	26 683 542	6 089 346	32 772 888	-	3	32 772 891	28 294 786	-	(4 478 105)	86.34	106.04
Finance Costs	7 136 830	(4 294 690)	2 842 140	-	-	2 842 140	2 801 222	-	(40 918)	98.56	39.25
Bulk Purchases	58 209 428	2 070 430	60 279 858	-	-	60 279 858	54 784 014	-	(5 495 844)	90.88	94.12
Contracted Services	-	-	-	-	-	-	-	-	-	0.00	0.00
Grants and Subsidies Paid	300 000	50 000	350 000	-	-	350 000	279 357	-	(70 643)	79.82	93.12
General Expenses	58 700 263	31 599 471	90 299 734	-	21 207	90 320 941	82 117 410	-	(8 203 531)	90.92	139.89
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	23 552	23 552	23 552	0.00	0.00
Total Expenditure	270 701 470	34 551 292	305 252 762	-	5 310	305 258 072	296 009 145	9 040 113	(9 248 927)	96.97	109.35
Surplus/(Deficit)	(16 032 933)	10 232 503	(5 800 430)	-	(5 142 495)	(10 942 925)	(35 297 698)	(9 040 113)	(24 354 774)	0.00	0.00
Transfers Recognised - Capital	-	-	-	-	-	-	81 296 189	81 296 189	81 296 189	0.00	0.00
Surplus/(Deficit for the Year	**(16 032 933)**	**10 232 503**	**(5 800 430)**	**-**	**(5 142 495)**	**(10 942 925)**	**45 998 491**	**72 256 076**	**56 941 415**	**-**	**-**

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW											
Cash Flows from/(used in) Operating Activities											
Property Rates	119 053 797	54 280 713	173 334 510	-	-	173 334 510	12 413 531	-	(160 920 979)	7.16	10.43
Grants	151 595 000	20 591 466	172 186 466	-	-	172 186 466	159 362 513	-	(12 823 953)	92.55	105.12
Public Contributions and Donations	-	-	-	-	-	-	25 731 206	25 731 206	25 731 206	0.00	0.00
Service Charges	-	-	-	-	-	-	96 111 534	96 111 534	96 111 534	0.00	0.00
Interest Received	1 158 487	1 368 893	2 527 380	-	-	2 527 380	1 448 305	-	(1 079 075)	57.30	125.02
Other Receipts	-	-	-	-	-	-	30 171 730	30 171 730	30 171 730	0.00	0.00
Employee Related Costs	(74 664 283)	963 265	(73 701 018)	-	-	(73 701 018)	(72 516 117)	1 184 901	1 184 901	0.00	0.00
Remuneration of Councillors	(6 719 259)	-	(6 719 259)	-	-	(6 719 259)	(6 743 473)	-	(24 214)	0.00	0.00
Interest Paid	(7 136 830)	4 294 690	(2 842 140)	-	-	(2 842 140)	(2 801 222)	40 918	40 918	0.00	0.00
Suppliers Paid	(165 962 044)	(35 866 300)	(201 828 344)	-	-	(201 828 344)	(81 506 497)	120 321 847	120 321 847	0.00	0.00
Other Payments	-	-	-	-	-	-	(81 641 285)	-	(81 641 285)	0.00	0.00
Cash Flows from/(used in) Investing Activities											
Purchase of Property, Plant and Equipment	(86 124 000)	14 255 259	(71 868 741)	-	-	(71 868 741)	(82 894 325)	-	(11 025 584)	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	605 000	(230 000)	375 000	-	-	375 000	(23 552)	-	(398 552)	0.00	0.00
Proceeds on Disposal of Intangible Assets	-	-	-	-	-	-	1 422	1 422	1 422	0.00	0.00
Profit on Sale of Land	-	-	-	-	-	-	219 190	219 190	219 190	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	43 842	43 842	43 842	0.00	0.00
Cash Flows from/(used in) Financing Activities											
New Loans raised	25 000 000	(25 000 000)	-	-	-	-	-	-	-	0.00	0.00
Loans repaid	(5 460 153)	3 438 153	(2 022 000)	-	-	(2 022 000)	(2 315 736)	-	(293 736)	0.00	0.00
Cash and Cash Equivalents at End of the Year	**(48 654 285)**	**38 096 139**	**(10 558 146)**	**-**	**-**	**(10 558 146)**	**(4 938 934)**	**273 826 590**	**5 619 212**	**0.00**	**0.00**

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2013/14		2012/13
	R		R
Net surplus/(deficit) per the statement of financial performance	**45 998 491**		**15 509 807**
Revenue from Non-exchange Transactions			
Property Rates	9 700 756		2 015 658
Fines	1 797 321		(2 551 202)
Licences and Permits	108 668		48 358
Revenue for Agency Services	-		-
Government Grants and Subsidies Received	(78 062 977)		(44 179 490)
Public Contributions and Donations	(25 731 206)		(2 196 200)
Revenue from Exchange Transactions			
Service Charges	8 249 377		(200 895)
Rental of Facilities and Equipment	704 951		200 851
Interest Earned - External Investments	14 395		(1 230 510)
Interest Earned - Outstanding Debtors	201 630		559 166
Other Revenue	35 043 786		29 593 085
Gains on Disposal of Property, Plant and Equipment	-		-
Profit on Sale of Land	280 810		(1 047 709)
Expenditure			
Employee Related Costs	921 515		(596 433)
Remuneration of Councillors	24 214		48 782
Collection Costs	-		-
Depreciation and Amortisation	4 384 776		25 263 001
Impairment Losses	3 686 056		9 197 844
Repairs and Maintenance	(4 478 105)		(1 555 897)
Finance Costs	(40 918)		(2 475 706)
Bulk Purchases	(5 495 844)		418 535
Contracted Services	-		-
Grants and Subsidies Paid	(70 643)		-
General Expenses	(8 203 531)		(31 710 861)
Loss on Disposal of Property, Plant and Equipment	23 552		2 248 349
Net surplus/deficit per approved budget	**(10 942 925)**		**(2 641 466)**

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1.1 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2013 and 30 June 2014 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

(a) Is required by a Standard of GRAP; or
(b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the municipality's financial position, financial performance or cash flow.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial

1.2.1 Revenue Recognition

Accounting Policy 12.2 on Revenue from Exchange Transactions and Accounting Policy 12.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial Assets and Liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management. Accounting Policy 8.1 on Financial Assets Classification and Accounting Policy 8.2 on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of Financial Assets and Liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of Financial Instruments as set out in GRAP 104 (*Financial Instruments*).

1.2.3 Impairment of Financial Assets

Accounting Policy 8.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of Financial Assets as set out in GRAP 104 (Financial Instruments) and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- Impairment of Trade Receivables:
  The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

  The total increase in estimation of the impairment of Receivables from Exchange Transactions, Receivables from Non-exchange Transactions and that of Long-term Receivables are disclosed in Notes 3, 4 and 13 to the Annual Financial Statements.

1.2.4 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 3.3, 4.2 and 5.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.2.5 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, Investment Property, Heritage Assets and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 4.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 10. on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21 (Impairment of Non-cash Generating Assets) and GRAP 26 (Impairment of Cash Generating Assets). In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Property, Plant and Equipment, Intangible Assets, Investment Property, Heritage Assets and Inventory are disclosed in Notes 2, 9, 10, 11 and 12 to the Annual Financial Statements, if applicable.

1.2.6 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Accounting Policy 10.2..

1.2.7 Defined Benefit Plan Liabilities

As described in Accounting Policy 14.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.2.8 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.2.9 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.3 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Basis* .

1.5 Offsetting

Assets, Liabilities, Revenues and Expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 20 Related Party Disclosures (Revised)
- GRAP 32 Service Concession Arrangement Grantor
- GRAP 105 Transfers between Entities under common control - issued November 2010
- GRAP 106 Transfers between Entities not under common control - issued November 2010
- GRAP 107 Mergers - issued November 2010
- GRAP 108 Statutory Receivables

The Minister of Finance announced that the application of GRAP 25 will be effective for the period starting after 1 April 2013. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5, paragraph 29, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors* .

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued but is not yet in effect, the municipality may select to apply the principles established in that standard in developing an appropriate Accounting Policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate Accounting Policies dealing with the following transactions, but have not early adopted these Standards:

- GRAP 20 Related Party Disclosures (Revised)

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. NET ASSETS

Included in the Net Assets of the municipality are the following Reserves that are maintained in terms of specific requirements:

2.1 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements:

2.1.1 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial Performance and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

2.1.2 Capitalisation Reserve

On the implementation of GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of Property, Plant and Equipment were transferred to a Capitalisation Reserve rather than the Accumulated Surplus/(Deficit) in terms of a directive (Circular No 18) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of Property, Plant and Equipment are offset by transfers from this Reserve to the Accumulated Surplus/(Deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of Property, Plant and Equipment financed from the former legislated funds. When items of Property, Plant and Equipment are depreciated, a transfer is made from the Capitalisation Reserve to the Accumulated Surplus/(Deficit).

When an item of Property, Plant and Equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

2.1.3 Donations and Public Contributions Reserve

When items of Property, Plant and Equipment are financed from public contributions and donations, a transfer is made from the Accumulated Surplus/(Deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (Circular No 18) issued by National Treasury. When such items of Property, Plant and Equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the Accumulated Surplus/(Deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of Property, Plant and Equipment financed from donations and public contributions.

When an item of Property, Plant and Equipment financed from donations and public contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

2.1.4 Government Grants Reserve

When items of Property, Plant and Equipment are financed from government grants, a transfer is made from the Accumulated Surplus/(Deficit) to the Government Grants Reserve equal to the government grants recorded as revenue in the Statement of Financial Performance in accordance with a directive (Circular No 18) issued by National Treasury. When such items of Property, Plant and Equipment are depreciated, a transfer is made from the Government Grants Reserve to the Accumulated Surplus/(Deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of Property, Plant and Equipment financed from government grants.

When an item of Property, Plant and Equipment financed from government grants is disposed, the balance in the Government Grants Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grants or donations, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Property, Plant and Equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Property, Plant and Equipment acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as Property, Plant and Equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of Property, Plant and Equipment, they are accounted for as Property, Plant and Equipment.

3.2 Subsequent Measurement

Subsequent expenditure relating to Property, Plant and Equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of Property, Plant and Equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated

Depreciation only commences when the asset is available for use, unless stated otherwise. The depreciation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Buildings			**Community**	
	Improvements	5 - 50		Community Facilities	5 - 50
				Recreational Facilities	10 - 40
	Infrastructure				
	Electricity	10 - 50		**Other**	
	Railways	30		Computer Equipment	5 - 10
	Roads and Paving	5 - 80		Emergency Equipment	5 - 10
	Sanitation	10 - 55		Furniture and Fittings	5 - 15
	Sewerage / Solid Waste	5 - 80		Motor Vehicles	7 - 10
	Water	5 - 80		Office Equipment	5 - 15
				Plant and Equipment	2 - 15
				Specialist Vehicles	10 - 15
				Other Assets	5 - 15

The assets' residual values, estimated useful lives and depreciation method are reviewed annually and adjusted prospectively, if appropriate, at each reporting date. Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

3.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

3.5 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure Assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure Assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

3.6 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.7 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from disposals are included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

4. INTANGIBLE ASSETS

The municipality changed its Accounting Policy from GRAP 102 to GRAP 31 with no effect on the financial information previously disclosed.

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets. The municipality recognises an Intangible Asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated Intangible Assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as Intangible Assets when the following criteria are fulfilled:

(a) It is technically feasible to complete the Intangible Asset so that it will be available for use;
(b) Management intends to complete the Intangible Asset and use or sell it;
(c) There is an ability to use or sell the Intangible Asset;
(d) It can be demonstrated how the Intangible Asset will generate probable future economic benefits;
(e) Adequate technical, financial and other resources to complete the development and to use or sell the Intangible Asset are available; and
(f) The expenditure attributable to the Intangible Asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible Assets are initially recognised at cost. The cost of an Intangible Asset is the purchase price and other costs attributable to bring the Intangible Asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an Intangible Asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

4.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an Intangible Asset at a later date.

In terms of GRAP 31, Intangible Assets are distinguished between internally generated Intangible Assets and other Intangible Assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a *Straight-line Basis* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

Amortisation only commences when the asset is available for use, unless stated otherwise. The amortisation rates are based on the following estimated useful lives:

	Asset Class	**Years**		**Asset Class**	Years
	Computer Software	5			

Intangible Assets are annually tested for impairment as described in Accounting Policy 7 on Impairment of Assets, including Intangible Assets not yet available for use. Where items of Intangible Assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. The impairment loss is the difference between the carrying amount and the recoverable service amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a Change in Accounting Estimate in the Statement of Financial Performance.

4.3 Derecognition

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an Intangible Asset is determined as the difference between the proceeds of disposal and the carrying value and is recognised in the Statement of Financial Performance.

5. INVESTMENT PROPERTY

5.1 Initial Recognition

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures Investment Property at cost including transaction costs once it meets the definition of Investment Property. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed Investment Property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held for resale:

(a) Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
(b) Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of operations, the land is regarded as held for capital appreciation);
(c) A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include the property portfolio rented out on a commercial basis on behalf of the municipality);
(d) A property owned by the municipality and leased out at a below market rental; and
(e) Property that is being constructed or developed for future use as investment property.

The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

(a) Property held for sale in the ordinary course of operations or in the process of construction or development for such sale;
(b) Property being constructed or developed on behalf of third parties;
(c) Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
(d) Property that is leased to another entity under a finance lease;
(e) Property held to provide goods and services and also generates cash inflows; and
(f) Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment.

5.2 Subsequent Measurement

Investment Property is measured using the *Cost Model* and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the *Straight-line Method* over the useful life of the property, which is estimated at 5 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5.3 Derecognition

An Investment Property shall be derecognised (eliminated from the Statement of Financial Position) on disposal or when the Investment Property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

6. HERITAGE ASSETS

A Heritage Asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

6.1 Initial Recognition

The cost of an item of Heritage Assets is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured

Heritage Assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of Heritage Assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of Heritage Assets acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

6.2 Subsequent Measurement

Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

6.3 Derecognition

The carrying amount of an item of Heritage Assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Heritage Assets is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Heritage Assets.

6.4 Transitional Provisions

The municipality utilised the transitional provisions under Directive 4, which allows 3 years for the measurement of Heritage

7. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

7.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use. The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

7.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

8. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets* , *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

Initial Recognition
Financial Assets and Financial Liabilities are recognised on the municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions
The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Effective Interest Rate Method
The Effective Interest Method is a method of calculating the amortised cost of a Financial Asset or a Financial Liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the Financial Instrument or, when appropriate, a shorter period to the net carrying amount of the Financial Asset or Financial Liability.

Amortised Cost
Amortised Cost is the amount at which the Financial Asset or Financial Liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the Effective Interest Rate Method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

8.1 Financial Assets – Classification

A Financial Asset is any asset that is a cash, a contractual right to receive cash or another financial asset from another entity.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

- **Financial Assets measured at Amortised Cost** are non-derivative Financial Assets with fixed or determinable payments that are not quoted in an active market. They are included in Current Assets, except for maturities greater than 12 months, which are classified as Non-current Assets. Financial Assets at Amortised Cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. After initial recognition, Financial Assets are measured at amortised cost, using the *Effective Interest Rate Method* less a provision for impairment.

- **Financial Assets measured at Fair Value** are financial assets that meet either of the following conditions:
  (i) Derivatives;
  (ii) Combined instruments that are designated at fair value;
  (iii) Instruments held for trading;
  (iv) Non-derivative Financial Instruments with fixed or determinable payments that are designated at fair value at initial recognition; or
  (v) Financial Instruments that do not meet the definition of Financial Instruments at Amortised Cost or Financial Instruments at Cost.

- **Financial Assets measured at Cost** are investments in residual Interest that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The municipality has the following types of Financial Assets as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Notice Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts. The municipality categorises Cash and Cash Equivalents as Financial Assets at Amortised Cost.

8.2 Financial Liabilities – Classification

A Financial Liability is a contractual obligation to deliver cash or another Financial Assets to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

(i) Financial Liabilities measured at Fair Value;
(ii) Financial Liabilities measured at Amortised Cost; or
(iii) Financial Liabilities measured at Cost.

The municipality has the following types of Financial Liabilities as reflected on the face of the Statement of Financial Position or in the Notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost

Financial Liabilities that are measured at Fair Value are Financial Liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of Financial Instruments where there is recent actual evidence of short-term profiteering or are derivatives).

8.3 Initial and Subsequent Measurement

8.3.1 Financial Assets:

Financial Assets measured at Amortised Cost
Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis* .

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial Assets at Amortised Cost* .

Financial Assets measured at Fair Value
Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial

8.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value
Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at Amortised Cost
Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method* . Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

8.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

8.4.1 Financial Assets at Amortised Cost

Accounts Receivable encompass Long-term Debtors, Receivables from Exchange Transactions (Consumer Debtors) and Receivables from Non-exchange Transactions (Other Debtors).

Initially Accounts Receivable are valued at fair value excluding transaction costs, and subsequently carried at amortised cost using the *Effective Interest Rate Method* . An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

8.4.2 Financial Assets at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

8.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

8.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

9. INVESTMENT IN JOINT VENTURES

10. INVENTORIES

10.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

10.2 Subsequent Measurement

10.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business). The cost is determined using the *FIFO* cost of commodities.

10.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the *FIFO Method* , at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

10.2.3 Unsold Properties

Unsold properties are valued at the lower of cost and net realisable value on a *Weighted Average Cost Basis* . Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

10.2.4 Other Arrangements

Redundant and slow-moving Inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such Inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

11. NON-CURRENT ASSETS HELD-FOR-SALE

11.1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

11.2 Subsequent Measurement

Non-current Assets and Disposal Groups classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held-for-sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in the Statement of Financial Performance.

The gain or loss on the eventual sale of non-current assets held-for-sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held-for-sale is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

12. REVENUE RECOGNITION

12.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below, except when specifically stated otherwise. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from Exchange Transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from Non-exchange Transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

12.2 Revenue from Exchange Transactions

12.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

12.2.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards made seven days before year-end are recognised as an unutilised portion based on an estimate of the prepaid electricity consumed as at the reporting date.

12.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

12.2.4 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

12.2.5 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

12.2.6 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

12.2.7 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

(a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

12.3 Revenue from Non-exchange Transactions

An inflow of resources from a Non-exchange Transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a Non-exchange Transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

12.3.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a *Time-proportionate Basis* with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

12.3.2 Fines

Fines constitute both spot fines and summonses. Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably.

Revenue for fines is recognised when the fine is issued at the full amount of the receivable, considering the allowance in terms of IGRAP 1 to use estimates to determine the amount of revenue that the municipality is entitled to collect.

Assessing and recognising impairment is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not be made at the time of initial recognition.

12.3.3 Public Contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

12.3.4 Government Grants and Receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

12.3.5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

13.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

14. EMPLOYEE BENEFIT LIABILITIES

The municipality changed its Accounting Policy from IAS 19 to GRAP 25 with no effect on the financial information previously disclosed.

14.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

14.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

14.2.1 Defined Contribution Plans

A **Defined Contribution Plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

14.2.2 Defined Benefit Plans

A **Defined Benefit Plan** is a post-employment benefit plan other than a defined contribution plan.

Post-retirement Health Care Benefits
The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method* , incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

15. LEASES

15.1 Classification

Leases are classified as **Finance Leases** where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as **Operating Leases**.

15.2 The Municipality as Lessee

15.2.1 Operating Leases

The municipality recognises operating lease rentals as an expense in the Statement of Financial Performance on a *Straight-line Basis* over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a *Straight-line Basis*, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

15.3 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

16. BORROWING COSTS

17. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

(a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
(b) Expect to be repaid in future; or
(c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

18. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

19. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

C**hanges in Accounting Policies** that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Changes in Accounting Policies are disclosed in the Notes to the Annual Financial Statements where applicable.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impractical to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practical. Details of Correction of Errors are disclosed in the Notes to the Annual Financial Statements where applicable.

23. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

25. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

26. RELATED PARTIES

The municipality changed its Accounting Policy from IPSAS 20 to GRAP 20 with no effect on the financial information previously disclosed.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

27. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

28. COMPARATIVE INFORMATION

28.1 Current Year Comparatives

In accordance with GRAP 1 Budgeted Amounts have been provided and forms part of the Annual Financial Statements.

28.2 Prior Year Comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

28.3 Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2013 to 30 June 2014.

	2014 R	2013 R

1. GENERAL INFORMATION

Ga - Segonyana Municipality (the municipality) is a local government institution in Kuruman, North Cape Province, and is one of three local municipalities under the jurisdiction of the John Taola Gaetsewe District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

Consumable Stores	3 916 324	3 911 505
Property Stock	17 580 000	17 580 000
Water - at cost	95 024	95 024
Sub Total	21 591 348	21 586 529
Less: Obsolete Stock	(31 296)	(59 481)
Total Inventories	**21 560 052**	**21 527 047**

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

No Inventories have been pledged as collateral for Liabilities of the municipality.

	2014 R	2013 R

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Service Debtors:	29 081 394	20 257 947	8 823 447
Electricity	8 796 369	6 127 505	2 668 864
Refuse	6 168 664	4 297 059	1 871 605
Sewerage	10 233 015	7 128 265	3 104 750
Water	3 883 346	2 705 119	1 178 228
Other Receivables	13 848 452	6 813 403	7 047 970
Total Receivables from Exchange Transactions	**42 929 846**	**27 071 351**	**15 871 416**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2013			
Service Debtors:	27 476 700	19 889 126	7 587 574
Electricity	8 494 683	6 148 913	2 345 771
Refuse	5 559 710	4 024 420	1 535 290
Sewerage	9 223 269	6 676 303	2 546 967
Water	4 199 037	3 039 490	1 159 546
Other Receivables	11 846 822	6 656 575	5 190 247
Total Receivables from Exchange Transactions	**39 323 522**	**26 545 701**	**12 777 821**

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2014, the municipality is owed R50 380 816 (30 June 2013: R35 393 713) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

	2014 R	2013 R

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2014

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Electricity:					
Gross Balances	3 895 932	923 242	473 150	3 504 045	8 796 369
Less: Provision for Impairment				6 127 505	6 127 505
Net Balances	**3 895 932**	**923 242**	**473 150**	**(2 623 459)**	**2 668 864**
Refuse:					
Gross Balances	409 487	192 790	160 831	5 405 557	6 168 664
Less: Provision for Impairment				4 297 059	4 297 059
Net Balances	**409 487**	**192 790**	**160 831**	**1 108 497**	**1 871 605**
Sewerage:					
Gross Balances	768 701	351 599	281 950	8 830 764	10 233 015
Less: Provision for Impairment				7 128 265	7 128 265
Net Balances	**768 701**	**351 599**	**281 950**	**1 702 500**	**3 104 750**
Water:					
Gross Balances	911 495	460 901	247 866	2 263 084	3 883 346
Less: Provision for Impairment				2 705 119	2 705 119
Net Balances	**911 495**	**460 901**	**247 866**	**(442 035)**	**1 178 228**
Other Receivables:					
Gross Balances	1 308 215	423 262	288 936	11 840 960	13 861 373
Less: Provision for Impairment				6 813 403	6 813 403
Net Balances	**1 308 215**	**423 262**	**288 936**	**5 027 557**	**7 047 970**

As at 30 June Receivables of R8 577 587 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	2 351 793	1 452 734	31 844 410	35 648 938
Less: Provision for Impairment	-	-	27 071 351	27 071 351
Net Balances	**2 351 793**	**1 452 734**	**4 773 060**	**8 577 587**

	2014 R	2013 R

As at 30 June 2013

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Electricity:					
Gross Balances	3 475 881	1 171 991	573 377	3 273 434	8 494 683
Less: Provision for Impairment				6 148 913	6 148 913
Net Balances	**3 475 881**	**1 171 991**	**573 377**	**(2 875 479)**	**2 345 771**
Refuse:					
Gross Balances	430 987	218 509	181 718	4 728 496	5 559 710
Less: Provision for Impairment				4 024 420	4 024 420
Net Balances	**430 987**	**218 509**	**181 718**	**704 076**	**1 535 290**
Sewerage:					
Gross Balances	738 894	388 885	284 440	7 811 051	9 223 269
Less: Provision for Impairment				6 676 303	6 676 303
Net Balances	**738 894**	**388 885**	**284 440**	**1 134 748**	**2 546 967**
Water:					
Gross Balances	1 199 692	528 643	322 430	2 148 272	4 199 037
Less: Provision for Impairment				3 039 490	3 039 490
Net Balances	**1 199 692**	**528 643**	**322 430**	**(891 219)**	**1 159 546**
Other Receivables:					
Gross Balances	1 073 983	699 246	418 175	9 655 418	11 846 822
Less: Provision for Impairment				6 656 575	6 656 575
Net Balances	**1 073 983**	**699 246**	**418 175**	**2 998 843**	**5 190 247**

As at 30 June Receivables of R5 858 385 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	3 007 274	1 780 141	27 616 671	32 404 086
Less: Provision for Impairment	-	-	26 545 701	26 545 701
Net Balances	**3 007 274**	**1 780 141**	**1 070 970**	**5 858 385**

	2014 R	2013 R
	R	R
3.2 Reconciliation of the Provision for Impairment		
Balance at beginning of year	26 545 701	18 551 230
Impairment Losses recognised	525 650	8 172 762
Impairment Losses reversed	-	(178 291)
Amounts written off as uncollectable	-	-
Amounts recovered	-	-
Balance at end of year	**27 071 351**	**26 545 701**

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

3.3 Ageing of impaired Receivables from Exchange Transactions		
Current:		
0 - 30 Days	-	-
Past Due:		
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	27 071 351	26 545 701
Total	**27 071 351**	**26 545 701**

3.4 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

	2014 R	2013 R

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Assessment Rates Debtors	15 306 453	10 694 954	4 611 500
Payments made in Advance	854 358	-	854 358
Accruals	-	-	-
Government Subsidy Claims	-	-	-
Insurance Claims	-	-	-
Sale of Stands	400 061	-	400 061
Municipal Entities	-	-	-
Recoverable Works	-	-	-
Short-term Loans	-	-	-
Sundry Deposits	-	-	-
Sundry Debtors	4 436 391	4 133 454	302 937
Suspense Accounts	1 492 368	-	1 492 368
Fruitless and Wasteful Expenditure	-	-	-
Irregular Expenditure	-	-	-
Unauthorised Expenditure	-	-	-
Total Receivables from Non-exchange Transactions	**22 489 631**	**14 828 408**	**7 661 223**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2013			
Assessment Rates Debtors	9 731 602	7 044 261	2 687 340
Payments made in Advance	251 275	-	251 275
Accruals	41 908	-	41 908
Government Subsidy Claims	-	-	-
Insurance Claims	-	-	-
Sale of Stands	400 061	-	400 061
Municipal Entities	-	-	-
Recoverable Works	-	-	-
Short-term Loans	-	-	-
Sundry Deposits	-	-	-
Sundry Debtors	4 185 013	4 133 454	51 559
Suspense Accounts	1 492 368	-	1 492 368
Fruitless and Wasteful Expenditure	-	-	-
Irregular Expenditure	-	-	-
Unauthorised Expenditure	-	-	-
Total Receivables from Non-exchange Transactions	**16 102 226**	**11 177 715**	**4 924 511**

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

	2014 R	2013 R

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2014

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Assessment Rates:					
Gross Balances		274 994	230 395	14 801 064	15 306 453
Less: Provision for Impairment				10 694 954	10 694 954
Net Balances	**-**	**274 994**	**230 395**	**4 106 110**	**4 611 500**
Payments made in Advance:					
Gross Balances	854 358	-	-	-	854 358
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**854 358**	**-**	**-**	**-**	**854 358**
Accruals:					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**-**	**-**
Sale of Stands:					
Gross Balances	400 061	-	-	-	400 061
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**400 061**	**-**	**-**	**-**	**400 061**
Sundry Debtors:					
Gross Balances	4 436 391	-	-	-	4 436 391
Less: Provision for Impairment	4 133 454	-	-	-	4 133 454
Net Balances	**302 937**	**-**	**-**	**-**	**302 937**
Suspense Accounts:					
Gross Balances	1 492 368	-	-	-	1 492 368
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**1 492 368**	**-**	**-**	**-**	**1 492 368**

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	274 994	230 395	14 801 064	15 306 453
Less: Provision for Impairment	-	-	10 694 954	10 694 954
Net Balances	**274 994**	**230 395**	**4 106 110**	**4 611 500**

	2014 R	2013 R

As at 30 June 2013

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Assessment Rates:					
Gross Balances	74	269 017	201 197	9 261 314	9 731 602
Less: Provision for Impairment				7 044 261	7 044 261
Net Balances	**74**	**269 017**	**201 197**	**2 217 053**	**2 687 340**
Payments made in Advance:					
Gross Balances	251 275	-	-	-	251 275
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**251 275**	**-**	**-**	**-**	**251 275**
Accruals:					
Gross Balances	41 908	-	-	-	41 908
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**41 908**	**-**	**-**	**-**	**41 908**
Sale of Stands:					
Gross Balances	400 061	-	-	-	400 061
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**400 061**	**-**	**-**	**-**	**400 061**
Sundry Debtors:					
Gross Balances	4 185 013	-	-	-	4 185 013
Less: Provision for Impairment	4 133 454	-	-	-	4 133 454
Net Balances	**51 559**	**-**	**-**	**-**	**51 559**
Suspense Accounts:					
Gross Balances	1 492 368	-	-	-	1 492 368
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**1 492 368**	**-**	**-**	**-**	**1 492 368**

As at 30 June Receivables of R2 687 267 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	*61 - 90 Days*	*+ 90 Days*	
All Receivables:				
Gross Balances	269 017	201 197	9 261 314	9 731 528
Less: Provision for Impairment	-	-	7 044 261	7 044 261
Net Balances	**269 017**	**201 197**	**2 217 053**	**2 687 267**

	2014 R	2013 R
	2014 R	**2013 R**
4.2 Reconciliation of Provision for Impairment		
Balance at beginning of year	11 177 715	8 668 273
Impairment Losses recognised	3 650 692	2 509 443
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	-
Amounts recovered	-	-
Balance at end of year	**14 828 408**	**11 177 715**

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

5. VAT RECEIVABLE

Vat Receivable	**5 396 525**	**14 497 817**

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

	2014 R	2013 R
6. CASH AND CASH EQUIVALENTS		
Current Investments	12 234 275	13 103 626
Bank Accounts	2 713 771	6 501 621
Cash and Cash Equivalents	6 520	288 253
Total Bank, Cash and Cash Equivalents	**14 954 566**	**19 893 500**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

6.1 Current Investment Deposits

Call Deposits	12 234 275	13 103 626
Notice Deposits	-	-
Total Current Investment Deposits	**12 234 275**	**13 103 626**
ABSA - Kuruman - Account Number 9264748829:		
Bank statement balance at beginning of year	13 103 626	-
Bank statement balance at end of year	12 234 275	13 103 626

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5.10 % to 5,75 % (2011: 5% to 7,50%) per annum.

6.2 Bank Accounts

Cash in Bank	2 713 771	6 501 621
Total Bank Accounts	**2 713 771**	**6 501 621**

The Municipality has the following bank accounts:

Primary Bank Account		
Standard Bank - Mokopane Branch, Mokopane - Account Number 031 264 344:		
Cash book balance at beginning of year	6 501 621	(181 378)
Cash book balance at end of year	2 713 771	6 501 621

The Municipality has the following bank accounts:

Primary Bank Account		
Cash book balance at beginning of year	6 234 165	-2 334 704
Cash book balance at end of year	2 618 355	6 234 165
ABSA - Kuruman - Account Number 4052183325:		
Bank statement balance at beginning of year	8 423 669	-
Bank statement balance at end of year	918 355	8 423 669
TMT Account		
Cash book balance at beginning of year	166 901	-
Cash book balance at end of year	-5 184	166 901
DEVELOPMEND FUND		
Cash book balance at beginning of year	951	-
Cash book balance at end of year	951	951
ABSA KURUMAN RESERVOIR		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	99 648	99 605

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

The ABSA Kuruman Resevoir account was created by the municipality in order to receive promised donations in future for the repair of the water reservoir

	2014 R	2013 R
The TMT account is used for the deposit of all camera fines received. The payment for the service provider fees is also made from this account.		

	2014 R	2013 R
6.3 Cash and Cash Equivalents		
Cash Floats and Advances	6 520	6 520
Other Cash Equivalents	-	281 733
Total Cash on hand in Cash Floats, Advances and Equivalents	**6 520**	**288 253**

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

7. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	1 717	306
Operating Lease Revenue recorded	-	42 491
Operating Lease Revenue effected	(1 717)	(41 080)
Total Operating Lease Receivables	**0**	**1 717**

7.1 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	-	1 717
2 to 5 years	-	-
More than 5 years	-	-
Total Operating Lease Arrangements	**-**	**1 717**

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an increase of R1 717 (2013: decrease of R-1 411) in current year income.

The following restrictions have been imposed by the municipality in terms of the lease agreements:
(i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
(ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
(iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

8. CURRENT PORTION OF LONG-TERM RECEIVABLES

Debtors Capitalised Loans	240 632	240 632
Housing Loans	30 101	30 101
Sale of Stand Loans	-	-
Study Cost Loans	-	-
Total Current Portion of Long-term Receivables	**270 734**	**270 734**

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2014

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Housing Development Fund	Total
	R	R	R	R	R	R
Carrying values at 01 July 2013	**53 531 572**	**823 025 665**	**-**	**19 264 791**	**-**	**897 774 028**
Cost	94 367 811	1 274 238 047	-	23 293 549	-	1 395 053 213
- *Completed Assets*	*94 367 811*	*1 243 412 701*	-	*23 293 549*	-	*1 364 227 866*
- *Under Construction*	-	*30 825 347*	-	-	-	*30 825 347*
Correction of error (Note 43)	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(40 836 239)	(451 212 382)	-	(4 028 758)	-	(497 279 185)
- *Cost*	*(40 836 239)*	*(451 212 382)*	-	*(4 028 758)*	-	*(497 279 185)*
- *Revaluation*	-	-	-	-	-	-
Acquisitions	444 542	3 457 708	-	1 397 849	-	5 300 098
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	5 409 705	72 184 522	-	-	-	77 594 227
- *Cost*	*5 409 705*	*72 184 522*	-	-	-	*77 594 227*
- *Borrowing Costs Capitalised*	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	(1 547 780)	(38 178 461)	-	(2 627 655)	-	(43 156 856)
- *Based on Cost*	*(1 547 780)*	*(38 178 461)*	-	*(2 627 655)*	-	*(43 156 856)*
- *Based on Revaluation*	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-	-
- *Based on Revaluation*	-	-	-	-	-	-
Carrying value of Tranfers to Held-for-Sale:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-	-
- *Based on Revaluation*	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-
Impairment Losses	-	-	-	(14 554)	-	(14 554)
Capital under Construction - Completed	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-	-
- *Based on Revaluation*	-	-	-	-	-	-
Carrying values at 30 June 2014	**57 838 039**	**860 489 434**	**-**	**18 020 431**	**-**	**937 496 943**
Cost	100 222 058	1 349 880 277	-	24 691 398	-	1 477 947 538
- *Completed Assets*	*94 812 353*	*1 246 870 409*	-	*24 691 398*	-	*1 369 527 964*
- *Under Construction*	*5 409 705*	*103 009 868*	-	-	-	*108 419 573*
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	(14 554)	-	(14 554)
Accumulated Depreciation:	(42 384 019)	(489 390 843)	-	(6 656 412)	-	(540 436 041)
- *Cost*	*(42 384 019)*	*(489 390 843)*	-	*(6 656 412)*	-	*(540 436 041)*
- *Revaluation*	-	-	-	-	-	-

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2013

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Housing Development Fund	Total
	R	R	R	R	R	R
Carrying values at 01 July 2012	**54 031 174**	**804 724 636**	**-**	**17 375 915**	**-**	**877 975 066**
Cost	93 405 194	1 221 721 892	-	19 556 426	-	1 337 164 803
- *Completed Assets*	*93 405 194*	*1 219 314 810*	-	*19 556 426*	-	*1 334 757 722*
- *Under Construction*	-	*2 407 082*	-	-	-	*2 407 082*
Correction of error (Note 43)	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(39 374 020)	(416 997 256)	-	(2 180 511)	-	(459 189 737)
- *Cost*	*(39 374 020)*	*(416 997 256)*	-	*(2 180 511)*	-	*(459 189 737)*
- *Revaluation*	-	-	-	-	-	-
Acquisitions	962 617	24 097 891	-	3 737 123	-	29 470 145
Borrowing Costs Capitalised	-	-	-	-	-	-
Capital under Construction - Additions:	-	28 418 265	-	-	-	28 418 265
- *Cost*	-	*28 418 265*	-	-	-	*28 418 265*
- *Borrowing Costs Capitalised*	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-
Depreciation:	(1 462 219)	(34 215 126)	-	(1 848 246)	-	(38 089 447)
- *Based on Cost*	*(1 462 219)*	*(34 215 126)*	-	*(1 848 246)*	-	*(38 089 447)*
- *Based on Revaluation*	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-	-
- *Based on Revaluation*	-	-	-	-	-	-
Carrying value of Tranfers to Held-for-Sale:	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-	-
- *Based on Revaluation*	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-
- Cost	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
- *Based on Cost*	-	-	-	-	-	-
- *Based on Revaluation*	-	-	-	-	-	-
Carrying values at 30 June 2013	**53 531 572**	**823 025 665**	**-**	**19 264 791**	**-**	**897 774 028**
Cost	94 367 811	1 274 238 047	-	23 293 549	-	1 395 053 213
- *Completed Assets*	*94 367 811*	*1 243 412 701*	-	*23 293 549*	-	*1 364 227 866*
- *Under Construction*	-	*30 825 347*	-	-	-	*30 825 347*
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(40 836 239)	(451 212 382)	-	(4 028 758)	-	(497 279 185)
- *Cost*	*(40 836 239)*	*(451 212 382)*	-	*(4 028 758)*	-	*(497 279 185)*
- *Revaluation*	-	-	-	-	-	-

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

Other movements of Property, Plant and Equipment include the transfer of Major Spare Parts to the amount of R0 (2013: R0) and Work-in-Progress of R0 (2013: R0) completed and transferred to Cost.

Refer to Appendices "B, C and E (4)" for more detail on Property, Plant and Equipment, including those in the course of construction.

	2014 R	2013 R

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

9.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the

9.2 Carrying Amount of Property, Plant and Equipment retired from active use and held for disposal

No Property, Plant and Equipment were retired from active use and held for disposal during the financial

Carrying Amount of PPE retired from active use and held for disposal	**-**	**-**

9.3 Assets pledged as security

The municipality's obligations under Finance Leases (see Note 19) are secured by the lessors' title to the leased assets. No other assets of the municipality have been pledged as security.

10 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**657 844**	**865 236**

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
Carrying values at 01 July 2013	**865 236**	**865 236**
Cost	1 438 613	1 438 613
Accumulated Amortisation	(573 378)	(573 378)
Acquisitions:	-	-
Purchased	-	-
Amortisation:	(205 970)	(205 970)
Purchased	(205 970)	(205 970)
Disposals:	(1 422)	(1 422)
At Cost	(12 807)	(12 807)
At Accumulated Amortisation	11 385	11 385
Transfers:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Carrying values at 30 June 2014	**657 844**	**657 844**
Cost	1 425 806	1 425 806
Accumulated Amortisation	(767 963)	(767 963)

	Computer Software	Total
Carrying values at 01 July 2012	**1 028 431**	**1 028 431**
Cost	1 399 555	1 399 555
Accumulated Amortisation	(371 124)	(371 124)
Acquisitions:	39 058	39 058
Purchased	39 058	39 058
Amortisation:	(202 254)	(202 254)
Purchased	(202 254)	(202 254)
Disposals:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-

	2014 R	2013 R
Transfers:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Carrying values at 30 June 2013	**865 236**	**865 236**
Cost	1 438 613	1 438 613
Accumulated Amortisation	(573 378)	(573 378)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

10.1 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite

The useful lives of the Intangible Assets remain unchanged from the previous year.

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

10.2 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

11 INVESTMENT PROPERTY

At Cost less Accumulated Depreciation	**661 000**	**661 000**

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July	**661 000**	**661 000**
Cost	661 000	661 000
Accumulated Depreciation	-	-
Disposals during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
Transfers during the Year:	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
Carrying values at 30 June	**661 000**	**661 000**
Cost	661 000	661 000
Accumulated Depreciation	0	-
Estimated Fair Value of Investment Property at 30 June	**4 605 000**	**4 605 000**

All of the municipality's Investment Property is held under freehold interests and no Investment Property had

There are no restrictions on the realisability of Investment Property or the remittance of revenue and

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

11.1 Investment Property carried at Fair Value

The municipality's Investment Property is valued annually at 30 June at fair value by an independent, professionally qualified, valuer. The valuation, which conforms to International Valuation Standards, is

The following assumptions were used:		
Discount Rate	7.80%	6.74%

11.2 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting

12 HERITAGE ASSETS

At Cost less Accumulated Impairment Losses	**1 686 000**	**1 686 000**

The movement in Heritage Assets is reconciled as follows:

	National Monuments	Total
Carrying values at 01 July 2013	**1 686 000**	**1 686 000**
Cost	1 686 000	1 686 000
Accumulated Impairment	-	-

	2014 R	2013 R
Acquisitions	-	-
Reversal of Impairment Losses	-	-
Impairment Losses Recognised	-	-
Disposals:	-	-
At Cost	-	-
At Accumulated Impairment	-	-
Transfers:	-	-
At Cost	-	-
At Accumulated Impairment	-	-
Carrying values at 30 June 2014	**1 686 000**	**1 686 000**
Cost	1 686 000	1 686 000
Accumulated Impairment Losses	-	-

	National Monuments	Total
Carrying values at 01 July 2012	**1 686 000**	**1 686 000**
Cost	1 686 000	1 686 000
Accumulated Impairment	-	-
Acquisitions	-	-
Reversal of Impairment Losses	-	-
Impairment Losses Recognised	-	-
Disposals:	-	-
At Cost	-	-
At Accumulated Impairment	-	-
Transfers:	-	-
At Cost	-	-
At Accumulated Impairment	-	-
Carrying values at 30 June 2013	**1 686 000**	**1 686 000**
Cost	1 686 000	1 686 000
Accumulated Impairment Losses	-	-

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

12.1 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

	2014 R	2013 R

12.2 Heritage Assets measured after recognition using the Revaluation Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair

13 LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Debtors Capitalised Loans	451 687	-	451 687
Housing Loans	204 788	-	204 788
	656 475	0	656 475
Less: Current Portion transferred to Current Receivables:-			268 278
Debtors Capitalised Loans			240 632
Housing Loans			27 646
Total Long-term Receivables			**388 197**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2013			
Debtors Capitalised Loans	451 687	-	451 687
Housing Loans	251 086	-	251 086
	702 773	-	702 773
Less: Current Portion transferred to Current Receivables:-			270 734
Debtors Capitalised Loans			240 632
Housing Loans			30 101
Total Long-term Receivables			**432 039**

DEBTORS CAPITALISED
Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear

HOUSING
As from 01 January 2006 no loan agreements are entered into for the sale of houses. The outstanding loans will be recovered over the remaining

The municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the municipality's financial liabilities.

14 CONSUMER DEPOSITS

Electricity and Water	2 655 066	2 430 997
Total Consumer Deposits	**2 655 066**	**2 430 997**

Consumer Deposits are paid by consumers on application for new water and electricity connections. The

No interest is paid on Consumer Deposits held.

15 PROVISIONS

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 20)	778 716	701 268
Current Portion of Long-term Service Liability (See Note 20)	238 817	294 656
Total Provisions	**1 017 533**	**995 924**

The movement in provisions are reconciled as follows:

	2014 R	2013 R

Current Portion of Non-Current Provisions:

	Long-term Service R	Post-retirement R
30 June 2014		
Balance at beginning of year	294 656	701 268
Transfer from non-current	(55 839)	77 448
Expenditure incurred	-	-
Balance at end of year	**238 817**	**778 716**

	Long-term Service R	Post-retirement R
30 June 2013		
Balance at beginning of year	223 891	669 720
Transfer from non-current	70 765	31 548
Expenditure incurred	-	-
Balance at end of year	**294 656**	**701 268**

16 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Creditors	8 384 771	11 867 980
Retentions	8 080 934	4 685 605
Debtors paid in advance	1 318 670	824 264
Suspense Accounts	1 049 437	-
Other Creditors	-	-
Fair Value Adjustment - Credit Purchases	-	(149 345)
Total Payables	**18 833 812**	**17 228 504**

The average credit period on purchases is 19 (2013: 30) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals

The municipality did not default on any payment of its Creditors. No terms for payment have been re-

17 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Payments Received In Advance	Payments Received In Advance	5 342 142	5 786 181
Staff Bonuses	Staff Bonuses	1 008 116	1 195 209
Staff Leave	Staff Leave	1 942 390	1 942 390
Creditors insurance	Creditors insurance	596 413	596 413
Suspense Accounts	Suspense Accounts	65 994	5 408
Total Payables		**8 955 056**	**9 525 600**

Payables from Non-exchange Transactions have been restated to correctly disclose the amount for

Staff Bonuses accrue to the staff of the municipality on an annual basis, subject to certain conditions. The

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-

	2014 R	2013 R
18 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
18.1 Conditional Grants from Government	**6 811 257**	**22 694 232**
National Government Grants	5 039 466	14 097 039
Provincial Government Grants	1 771 791	8 597 193
18.2 Other Conditional Receipts	**-**	**-**
Public Contributions	-	-
Total Conditional Grants and Receipts	**6 811 257**	**22 694 232**

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 26 for the reconciliation of Grants from Government and Note 27 for the reconciliation of Other

Refer to Appendix "F" for more detail on Conditional Grants.

19 LONG-TERM LIABILITIES		
Annuity Loans	26 006 335	28 322 071
Finance Lease Liabilities	2 090 852	2 090 852
Sub-total	28 097 187	30 412 923
Less: Current Portion transferred to Current Liabilities:-	2 190 551	2 733 711
Annuity Loans	2 190 551	2 112 523
Finance Lease Liabilities	-	621 189
Total Long-term Liabilities (Neither past due, nor impaired)	**25 906 636**	**27 679 212**

19.1 Summary of Arrangements

Annuity Loans are repaid over periods varying from 15 to 20 (2013: 15 to 20) years and at interest rates varying from 9,25% to 16,50% (2013: 9,25% to 16,50%) per annum. Annuity Loans are not secured.
Finance Lease Liabilities relates to Vehicles and IT Equipment with lease terms of 5 (2013: 5) years. The effective interest rate on Finance Leases is between 13,21% and 48,13% (2013: 13,21 to 48,13%). Capitalised Lease Liabilities are secured over the items of vehicles and equipment leased.
The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial

Refer to Appendix "A" for more detail on Long-term Liabilities.

19.2 Obligations under Finance Lease Liabilities

The Municipality as Lessee:
Finance Leases relate to Property, Plant and Equipment with lease terms not more than 5 years (2013: 5 years). The effective interest rate on

The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease	
	2014 R	2013 R	2014 R	2013 R
Amounts payable under finance leases:				
Within one year	836 690	824 476	955 092	621 189
In the second to fifth years, inclusive	1 126 111	1 691 754	884 693	1 469 663
Over five years	-	-	-	-
	1 962 801	2 516 230	1 839 785	2 090 852
Less: Future Finance Obligations	218 554	425 378	-	-
Present Value of Minimum Lease Obligations	**1 744 247**	**2 090 852**	**1 839 785**	**2 090 852**
Less: Amounts due for settlement within 12 months (Current Portion)			(955 092)	(621 189)
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			884 693	1 469 663
			-1 206 159.04	

The municipality has finance lease agreements for the following significant classes of assets:
- Office Equipment
- Vehicles

The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiated by the municipality.

	2014 R	2013 R
20 EMPLOYEE BENEFIT LIABILITIES		
Post-retirement Health Care Benefits Liability	18 695 945	17 001 505
Long Service Awards Liability	2 789 183	2 414 716
Total Employee Benefit Liabilities	**21 485 128**	**19 416 221**
20.1 Post-retirement Health Care Benefits Liability		
Balance at beginning of Year	17 702 773	16 791 846
Contributions to Provision	2 448 536	2 214 690
Increase due to Discounting	24 620	(634 043)
Expenditure incurred	(701 268)	(669 720)
Total Balance at end of Year	19 474 661	17 702 773
Less: Transfer to Current Provisions	(778 716)	(701 268)
Post-retirement Health Care Benefits Liability	**18 695 945**	**17 001 505**

Retirement Benefit Liabilities have been restated to correctly disclose the amount for Long-Service

The municipality provides certain post-retirement health care benefits by funding the medical aid

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	144	138
In-service Non-members (Employees)	97	110
Continuation Members (Retirees, widowers and orphans)	25	24
Total Members	**266**	**272**

The liability in respect of past service has been estimated as follows:

In-service Members	8 322 474	8 013 949
In-service Non-members	563 421	505 058
Continuation Members	10 588 766	9 183 766
Total Liability	**19 474 661**	**17 702 773**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid
- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2014 is estimated to be R954 419, whereas the cost

The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	8.87%	8.61%
Health Care Cost Inflation Rate	8.10%	7.74%
Net Effective Discount Rate	0.71%	0.80%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	17 702 773	16 791 846
Current service costs	954 419	828 027
Interest cost	1 494 117	1 386 663
Benefits paid	(701 268)	(669 720)
Actuarial losses / (gains)	24 620	(634 043)
Total Recognised Benefit Liability	**19 474 661**	**17 702 773**
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	19 474 661	17 702 773
Unfunded Accrued Liability	19 474 661	17 702 773
Total Benefit Liability	**19 474 661**	**17 702 773**

	2014 R	2013 R
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	954 419	828 027
Interest cost	1 494 117	1 386 663
Actuarial losses / (gains)	24 620	(634 043)
Total Post-retirement Benefit included in Employee Related Costs (Note 33)	**2 473 156**	**1 580 647**

The history of experienced adjustments is as follows:

	2014 R	2013 R	2012 R	2011 R	2010 R
Present Value of Defined Benefit Obligation	19 474 661	17 702 773	16 791 846	14 136 938	11 901 789.48
Deficit	**19 474 661**	**17 702 773**	**16 791 846**	**14 136 938**	**11 901 789**
Experienced adjustments on Plan Liabilities	19 450 041	18 336 816	16 791 846	14 136 938	11 901 789

	2014 R	2013 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	2 917 300	2 632 300
Effect on the defined benefit obligation	22 673 000	20 490 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	2 069 600	1 874 800
Effect on the defined benefit obligation	16 849 000	15 395 000

The municipality expects to make a contribution of R778 716 (2013: R701 268) to the Defined Benefit Plans

Refer to Note 52, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for

20.2 Long Service Awards Liability

Balance at beginning of year	2 709 372	1 948 195
Contributions to provision	497 389	761 177
Increase due to discounting	115 895	-
Expenditure incurred	(294 656)	-
Reduction due to re-measurement	-	-
Total Balance at end of Year	3 028 000	2 709 372
Transfer to Current Provisions	(238 817)	(294 656)
Long Service Awards Liability	**2 789 183**	**2 414 716**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C

At year end, 241 (2013: 248) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2014 is estimated to be R497 389, whereas the cost for the ensuing year is estimated to be

	2014 R	2013 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	8.06%	7.33%
Cost Inflation Rate	7.19%	6.80%
Net Effective Discount Rate	0.81%	0.50%
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	2 709 372	1 948 195
Current service costs	497 389	761 177
Interest cost	115 895	-
Benefits paid	(294 656)	-
Actuarial losses / (gains)	(238 817)	(294 656)
Total Recognised Benefit Liability	**2 789 183**	**2 414 716**
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2 789 183	2 414 716
Unfunded Accrued Liability	2 789 183	2 414 716
Total Benefit Liability	**2 789 183**	**2 414 716**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	497 389	761 177
Interest cost	115 895	-
Benefits paid	(294 656)	-

	2014 R	2013 R
Actuarial losses / (gains)	(238 817)	(294 656)
Total Post-retirement Benefit included in Employee Related Costs (Note 33)	**79 811**	**466 521**

The history of experienced adjustments is as follows:

	2014 R	2013 R	2012 R	2011 R	2010 R
Present Value of Defined Benefit Obligation	2 789 183	2 414 716	1 948 195	1 307 150	1 178 435
Deficit	**2 789 183**	**2 414 716**	**1 948 195**	**1 307 150**	**1 178 435**
Experienced adjustments on Plan Liabilities	2 912 105	2 414 716	1 948 195	1 307 150	1 178 435

	2014 R	2013 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	543 300	492 193
Effect on the defined benefit obligation	3 251 000	2 611 344
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	457 000	443 693
Effect on the defined benefit obligation	2 829 000	2 239 344

The municipality expects to make a contribution of R238 817 (2013: R294 658) to the defined benefit plans

21 NON-CURRENT PROVISIONS

	2014 R	2013 R
Provision for Rehabilitation of Land-fill Sites	10 244 897	9 612 415
Total Non-current Provisions	**10 244 897**	**9 612 415**
The movement in the Provision for Rehabilitation of Land-fill Sites is reconciled as follows:		
Balance at beginning of year	9 612 415	8 293 341
Contributions to provision	632 482	1 319 074
	10 244 897	9 612 415
Transfer to current provisions	-	-
Balance at end of year	**10 244 897**	**9 612 415**

	Land-fill Sites R
30 June 2014	
Balance at beginning of year	9 612 415
Contributions to provision	632 482
	10 244 897
Transfer to current provisions	-
Balance at end of year	**10 244 897**

	Land-fill Sites R
30 June 2013	
Balance at beginning of year	8 293 341
Contributions to provision	1 319 074
	9 612 415
Transfer to current provisions	-
Balance at end of year	**9 612 415**

21.1 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation

The municipality will incur rehabilitation cost on its one dumping/landfill sites in the period 2017/18.

		Proposed Rehabilitation		
Mokopane Landfill		2016/17	6 545 141	6 463 583

		2014 R	2013 R
Rebone Landfill	2024/25	2 531 598	2 582 244
		9 076 738	**9 045 827**

22 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capitalisation Reserve	(78 475 343)	(78 465 150)
Accumulated Surplus / (Deficit) due to the results of Operations	986 966 967	941 459 784
Total Accumulated Surplus	**908 491 624**	**862 994 634**

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

23 PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2014 R000's	July 2013 R000's		
Agricultural	684 273 345	680 869 000	561 032	456 182
Commercial	357 482 000	357 482 000	5 692 101	4 628 319
Industrial	126 789 795	126 159 000	2 008 800	1 633 381
Municipal	70 592 000	70 592 000	-	-
Residential	1 257 189 000	1 257 189 000	12 224 046	9 987 550
State	81 498 000	81 498 000	1 533 614	1 247 001
Consent Use	-	-	-	-
Undeveloped	-	-	-	-
Less: Income Foregone			(4 031 209)	(1 063 000)
Total Property Rates	**2 577 824 140**	**2 573 789 000**	**17 988 383**	**16 889 433**

Property Rates are levied on the value of land and improvements, which valuation is performed every four

Interim valuations are processed on a continuous basis to take into account changes in individual property

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a

24 FINES

Other Fines	2 259 740	4 814 028
Total Fines	**2 259 740**	**4 814 028**

	2014 R	2013 R
25 LICENCES AND PERMITS		
Vehicle Registration	1 956 115	1 773 344
Other Licences and Permits	1 859 239	1 645 379
Total Licences and Permits	**3 815 354**	**3 418 722**
26 GOVERNMENT GRANTS AND SUBSIDIES		
National Equitable Share	73 591 000	66 467 083
Other Subsidies	3 110 395	1 146 707
Operational Grants	76 701 395	67 613 790
Conditional Grants	98 544 093	84 756 048
National: Equitable Share	-	-
National: Finance Management Grant	1 549 017	1 515 523
National: Municipal Infrastructure Grant (Mig)	64 510 637	51 340 031
National: Municipal Systems Implementation Grant (Msig)	564 061	570 510
National: Dept Minerals & Energy (Dme)	2 000 000	38 917
National: Dept Water Affairs & Forestry (Dwaf)	5 903 928	1 481 000
National: Water & Sanitation Master Plan	-	-
National: Rural Housing	2 002 837	-
Provincial: Dept Housing	10 971 742	25 165 724
Provincial: Kgotsopula Nala	2 499 387	-
Provincial: John Taolo Grant	-	-
Provincial: Library Grant	939 899	932 059
Provincial: Blue Drop And Green Support	-	80 682
Provincial: Amogelang Early Childhood Development	-	-
Provincial: Acip Water Backlogs	50 897	2 854 849
Provincial: E P W P Roads	1 223 185	776 753
Provincial: Kuruman Resevoir	6 328 503	-
Local Government: Waterberg District Municipality	-	-
Other Government: National Lottery Fund	-	-
Other Government: National Roads Agency	-	-
Total Government Grants and Subsidies	**175 245 487**	**152 369 838**

Operational Grants:

26.1 National: Equitable Share **73 591 000** **66 467 083**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent

26.2 Provincial: Health Subsidies

Balance unspent at beginning of year	-	-
Current year receipts - included in Public Health vote	-	-
Conditions met - transferred to Revenue	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Assets (see Note 4)	**-**	**-**

This grant has been used to fund environmental health care services (included in Appendix "D"), which

Conditional Grants:

26.3 National: Finance Management Grant

Balance unspent at beginning of year	-	15 523
Current year receipts	1 550 000	1 500 000
Conditions met - transferred to Revenue: Operating Expenses	(1 549 017)	(1 515 523)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**983**	**-**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the

26.4 National: Municipal Infrastructure Grant (Mig)

Balance unspent at beginning of year	13 954 741	10 131 772
Current year receipts	52 371 000	55 163 000
Conditions met - transferred to Revenue: Operating Expenses	-	(51 340 031)
Conditions met - transferred to Revenue: Capital Expenses	(64 510 637)	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**1 815 104**	**13 954 741**

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and

26.5 National: Municipal Systems Implementation Grant (Msig)

Balance unspent at beginning of year	141 796	67 306
Current year receipts	890 000	800 000
Conditions met - transferred to Revenue: Operating Expenses	(564 061)	-
Conditions met - transferred to Revenue: Capital Expenses	-	(570 510)
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	(155 000)

	2014 R	2013 R
Conditions still to be met - transferred to Liabilities (see Note 18)	**467 735**	**141 796**

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house

26.6 National: Dept Minerals & Energy (Dme)

Balance unspent at beginning of year	149	632 149
Current year receipts	2 000 000	-
Conditions met - transferred to Revenue: Operating Expenses	(2 000 000)	(38 917)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	(593 083)
Conditions still to be met - transferred to Liabilities (see Note 18)	**149**	**149**

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building electricity

26.7 National: Dept Water Affairs & Forestry (Dwaf)

Balance unspent at beginning of year	-	-
Current year receipts	6 500 000	1 481 000
Conditions met - transferred to Revenue: Operating Expenses	-	(1 481 000)
Conditions met - transferred to Revenue: Capital Expenses	(5 903 928)	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**596 072**	**-**

This grant was used for the refurbishment of water schemes transferred from DWA to the municipality. No

26.8 National: Water & Sanitation Master Plan

Balance unspent at beginning of year	353	353
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**353**	**353**

This grant was allocated for the construction basic sewerage and water infrastructure as part of the

26.9 National: Rural Housing

Balance unspent at beginning of year	-	-
Current year receipts	4 161 907	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(2 002 837)	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**2 159 070**	**-**

This grant is allocated to assist the municipality in the development of rural housing. No funds have been

26.10 Provincial: Dept Housing

Balance unspent at beginning of year	6 335 635	1 196 559
Current year receipts	5 961 011	30 304 800
Conditions met - transferred to Revenue: Operating Expenses	(10 971 742)	(25 165 724)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**1 324 904**	**6 335 635**

This grant is allocated to assist the municipality in the development of rural housing. No funds have been

	2014 R	2013 R
26.11 Provincial: Kgotsopula Nala		
Balance unspent at beginning of year	-	-
Current year receipts	1 014 433	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(2 499 387)	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**(1 484 954)**	**-**
26.12 Provincial: Library Grant		
Balance unspent at beginning of year	-	59
Current year receipts	940 000	932 000
Conditions met - transferred to Revenue: Operating Expenses	(939 899)	(932 059)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**101**	**-**

This grant was received for the building and maintenance of libraries in the district. No funds have been

26.13 Provincial: Blue Drop And Green Support		
Balance unspent at beginning of year	-	66 483
Current year receipts	-	14 199
Conditions met - transferred to Revenue: Operating Expenses	-	(80 682)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**-**	**-**

This grant was received to support the municipality in the improvement of its water distribution. No funds

26.14 Provincial: Amogelang Early Childhood Development		
Balance unspent at beginning of year	-	68 932
Current year receipts	(55 736)	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**(55 736)**	**68 932**

This grant was received to assist in local development aof childhood. No funds have been withheld.

26.15 Provincial: Acip Water Backlogs		
Balance unspent at beginning of year	-	291 977
Current year receipts	-	4 418 689
Conditions met - transferred to Revenue: Operating Expenses	-	(2 854 849)
Conditions met - transferred to Revenue: Capital Expenses	(50 897)	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**(50 897)**	**1 855 817**
26.16 Provincial: E P W P Roads		
Balance unspent at beginning of year	-	-
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to Revenue: Operating Expenses	(1 223 185)	(776 753)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**(223 185)**	**223 247**
26.17 Provincial: Kuruman Resevoir		
Balance unspent at beginning of year	113 562	-
Current year receipts	6 328 503	113 562
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(6 328 503)	-
Conditions met - transferred to Revenue: VAT Portion Realised	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 18)	**113 562**	**113 562**

	2014 R	2013 R
27 PUBLIC CONTRIBUTIONS AND DONATIONS		
Conditional Contributions:	-	-
Unconditional Contributions	25 731 206	2 196 200
Total Public Contributions and Donations	**25 731 206**	**2 196 200**
28 SERVICE CHARGES		
Sale of Electricity	66 611 600	65 240 300
Sale of Water	17 515 495	13 652 186
Refuse Removal	6 375 613	5 895 295
Sewerage and Sanitation Charges	9 215 150	8 783 786
Total Service Charges	**99 717 858**	**93 571 567**
The amounts disclosed above for revenue from Service Charges are in respect of services rendered which		
29 RENTAL OF FACILITIES AND EQUIPMENT		
Rental Revenue from Halls	-	-
Rental Revenue from Other Facilities	1 026 270	1 265 072
Total Rental of Facilities and Equipment	**1 026 270**	**1 265 072**
Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.		
30 INTEREST EARNED		
External Investments:		
Bank Account	-	-
Investments	1 448 305	1 714 060
	1 448 305	**1 714 060**
Outstanding Debtors:		
Long-term Debtors	-	-
Outstanding Billing Debtors	1 287 280	636 884
	1 287 280	**636 884**
Total Interest Earned	**2 735 585**	**2 350 944**
31 OTHER REVENUE		
Advertising Signs	197 450	58 440
Brake-Test	154	154
Build Plan Apprvment Fees	482 677	466 115
Sundries	108 416	50 668
Contribution To Bulk	2 084 211	-
Entrancefees Daily Visitors	156 631	143 504
Faxes	15 220	9 230
Insurance Claims	304 629	21 009
Land:Usage/Reconstr	81 601	46 157
Levies	60	122 744
Lost Books	1 376	807
Private Work	2 737	5 930
Projecting Structures	9 603	9 050
Reasset Settlement	105	-
Reconnection Fees	92 718	30 280
Registration: Business	9 485	2 313
Sale Of Stands	8 929 706	(577 360)
Stock Adjustments	-	3 472
Test - Drivers Licence	308 526	265 418
Test - Learner'S Licence	413 427	295 776
Valuation Certificate	69 830	67 893
Weigh-Bridge	-	1 485 567
Total Other Revenue	**13 268 563**	**2 507 167**

	2014 R	2013 R
32 PROFIT ON SALE OF LAND		
Proceeds on Sale of Land	219 190	1 047 709
Total Profit on Sale of Land	**219 190**	**1 047 709**
33 EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	51 381 721	41 261 215
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	12 703 536	9 807 339
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3 766 665	2 470 751
Housing Benefits and Allowances	1 954 017	1 690 201
Overtime Payments	2 710 179	2 278 661
Defined Benefit Plan Expense:	2 090 516	315 456
Net Actuarial (gains)/losses recognised	2 090 516	315 456
Total Employee Related Costs	**74 606 633**	**57 823 623**
Remuneration of Section 57 Employees:		
Remuneration of the Municipal Manager		
Annual Remuneration	864 386	797 262
Car and Other Allowances	186 818	162 000
Company Contributions to UIF, Medical and Pension Funds	11 517	18 000
Total	**1 062 720**	**977 262**
Remuneration of the Chief Financial Officer		
Annual Remuneration	444 322	643 549
Performance Bonus	46 549	39 900
Car and Other Allowances	248 028	84 000
Company Contributions to UIF, Medical and Pension Funds	92 004	15 600
Total	**830 904**	**783 049**
Remuneration of the Manager: Community Services		
Annual Remuneration	641 700	729 949
Performance Bonus	-	-
Car and Other Allowances	207 040	37 500
Company Contributions to UIF, Medical and Pension Funds	33 615	16 400
Total	**882 355**	**783 849**
Remuneration of the Manager: Corporate Support Services		
Annual Remuneration	583 284	639 541
Car and Other Allowances	104 400	-
Company Contributions to UIF, Medical and Pension Funds	155 861	22 504
Total	**843 545**	**662 045**
Remuneration of the Manager: Technical Services		
Annual Remuneration	353 103	207 816
Performance Bonus	29 425	-
Car and Other Allowances	159 934	48 000
Company Contributions to UIF, Medical and Pension Funds	112 162	4 800
Total	**654 624**	**260 616**
34 REMUNERATION OF COUNCILLORS		
Mayor	699 468	681 405
Speaker	574 172	602 681
Executive Committee Members	-	-
Councillors	5 469 833	5 134 799
Company Contributions to UIF, Medical and Pension Funds	-	-
Other Allowances (Cellular Phones, Housing, Transport, etc)	-	-
Total Councillors' Remuneration	**6 743 473**	**6 418 885**
Remuneration of Councillors:		
35 DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	43 156 856	38 089 447
Amortisation: Intangible Assets	205 970	202 254
Depreciation: Investment Property	(0)	-
Total Depreciation and Amortisation	**43 362 826**	**38 291 701**

	2014 R	2013 R
36 IMPAIRMENT LOSSES		
36.1 Impairment Losses on Fixed Assets		
Impairment Losses Recognised:	14 554	-
Property, Plant and Equipment	14 554	-
Intangible Assets	-	-
Impairment Losses Reversed:	-	-
Property, Plant and Equipment	-	-
Intangible Assets	-	-
	14 554	**-**
36.2 Impairment Losses on Financial Assets		
Impairment Losses Recognised:	4 176 342	10 682 204
Long-term Receivables	-	-
Receivables from Exchange Transactions	525 650	8 172 762
Receivables from Non-exchange Transactions	3 650 692	2 509 443
Impairment Losses Reversed:	-	(178 291)
Long-term Receivables	-	-
Receivables from Exchange Transactions	-	(178 291)
Receivables from Non-exchange Transactions	-	-
	4 176 342	**10 503 914**
Total Impairment Losses	**4 190 896**	**10 503 914**

Impairment Losses have been restated to correctly disclose the impairment of Receivables for traffic fines

37 REPAIRS AND MAINTENANCE		
Land and Buildings	683 767	3 378 479
Infrastructure - Electricity	4 918 342	5 908 106
Infrastructure - Road Transport	734 469	2 410 017
Infrastructure - Water	5 864 549	335 458
Infrastructure - Other	3 438 562	-
Community Assets	-	-
Other Assets	12 655 096	9 352 865
Intangible Assets	-	-
Total Repairs and Maintenance	**28 294 786**	**21 384 925**
		265 478.22
38 FINANCE COSTS		
Creditors Overdue	-	-
Landfill Provision	-	-
Total Interest Paid on External Borrowings	**2 651 878**	**3 581 135**
	(149 344.56)	(1 079 989.07)
38.1 Calculation of Cash Flow:		
Finance Cost Expenditure	2 651 878	3 581 135
Total Payments for Finance Costs	**2 651 878**	**3 581 135**
39 BULK PURCHASES		
Electricity	54 784 014	53 847 495
Water	-	-
Total Bulk Purchases	**54 784 014**	**53 847 495**

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality

40 GRANTS AND SUBSIDIES PAID		
Other Grants and Subsidies Paid	279 357	-
Total Grants and Subsidies	**279 357**	**-**

	2014 R	2013 R

41 GENERAL EXPENSES

Included in General Expenses are the following:

Administration Fees	(600)	(650)
Advertisements	219 210	238 716
Animal Welfare	14 890	17 336
Audit Costs	2 322 415	3 383 796
Bank Charges	539 441	459 144
Bouquets, Wreath Etc	1 750	2 186
Businessplans	470	2 850
Cleaning	423 646	356 326
Compensation Commiss	539	432 011
Computer	110 158	59 759
Counter Funding	206 154	272 658
Courier Cost	2 249	2 830
Deeds Office Statements	6 380	3 940
Dept Expenses	-	59 481
Disaster Management	94 126	86 485
Drawing Office: Equipment	1 733	79
Dwaf	16 801 127	15 404 180
Election Expenses	248 850	-
Electricity	1 252 839	1 028 278
Entertainment	273 474	406 019
Fair Value Adjustment - Credit Purchases	-	(864 370)
Faxes	-	19 141
Fodder / Forage	2 521	-
Grants	14 438 992	17 670 410
I T C / Brochure	-	36 341
Insurance	4 478 385	3 114 304
Internal Sports	201 347	2 911 232
Internet	362 142	46 165
Led Policy/Programme	43 317	45 282
Legal Costs	9 228 427	1 592 406
Letsema Activities/Magazines	-	191 946
Library Development	939 899	889 969
Licences	41 245	42 870
Lost Books	12 000	2 002
Material And Stock	5 735	4 864
Medical Fees	4 245	8 697
Organisational Pms	110 430	216 937
Photocopies	91 491	83 534
Physical Planning	114 619	53 137
Postage, Stamps & Te	308 398	254 185
Poverty Funeral	62 350	74 849
Printing	106 823	247 491
Professional Fees	5 746 623	4 466 667
Publicity	110 281	110 491
Reference Books / Eq	17 387	15 448
Refreshments	2 749	8 853
Refuse Bags	5 522	3 849
Rental	1 319 616	451 468
Sabs Examination Fees	18 072	6 776
Security Services	4 357 730	2 606 458
Service Of Stands	6 071 632	3 070 661
Seta	590 974	474 928
Sports	-	11 290
Stationery	132 932	64 898
Stipend	1 536 000	1 561 000
Stock Adjustment	(11 549)	50 013
Study Aids	52 087	73 681
Subscription Fees	179 887	1 054 660
Sundry Expenses	174 561	-
Telephone	516 197	503 976
Terrain Lights	2 499 387	-
Total Traffic Services	1 547 035	4 143 887
Tourism	28 145	39 887
Train:Officials/Ward Com Mem	319 259	165 626
Trans Fee Telcom/Seating All	7 860	2 700
Travelling	3 265 468	1 633 423
Validator Costs	334 223	160 950
W/V Sporting Grounds	-	19 430
Water	127 642	172 291
Youth Council	96 477	97 916
Total General Expenses	**82 117 410**	**69 828 044**

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general

No other extra-ordinary expenses were incurred.

42 CHANGE IN ACCOUNTING POLICY

The municipality adopted the following Accounting Standards for the first time during the financial year 2013/14 in order to comply with the basis of

42.1 GRAP 25 - Employee Benefits

The Accounting Standard for *Employee Benefits* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2014 in

	2014 R	2013 R

The municipality has developed Accounting Policies to fully comply with GRAP 25 (*Employee Benefits*). Previously the municipality used the

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2013 and the Accumulated Surplus of

43 CORRECTION OF ERROR

Corrections were made during the previous financial years. Details of the corrections are described below:

	2012/2013 Restated	2012/2013 Audited	Movement	Reclassification	Error
ASSETS					
Current Assets					
Inventories	21 527 047	21 527 047	-0	-	-
Non-current Assets Held-for-Sale	-	-	-	-	-
Receivables from Exchange Transactions	12 777 821	13 975 252	-1 197 431	-11 733	-1 185 699
Receivables from Non-exchange Transactions	4 924 511	4 769 705	154 805	11 733	143 072
VAT Receivable	14 497 817	14 308 831	188 986	-	188 986
Cash and Cash Equivalents	19 893 500	18 170 006	1 723 494	-	1 723 494
Operating Lease Receivables	1 717	1 717	-0	-	-
Current Portion of Finance Lease Receivables	-	-	-	-	-
Current Portion of Long-term Receivables	270 734	270 734	-	-	-
Non-Current Assets					
Property, Plant and Equipment	897 774 028	962 002 060	-64 228 032	-	-64 228 032
Intangible Assets	865 236	88 501	776 735	-	776 735
Investment Property	661 000	704 000	-43 000	-	-43 000
Heritage Assets	1 686 000	1 584 840	101 160	-	101 160
Biological Assets	-	-	-	-	-
Non-current Investments	-	-	-	-	-
Investments in Associates	-	-	-	-	-
Finance Lease Receivables	-	-	-	-	-
Long-term Receivables	432 039	432 040	-0	-	-
LIABILITIES					
Current Liabilities					
Consumer Deposits	-2 430 997	-2 430 997	-	-	-
Provisions	-995 924	-477 860	-518 064	-	-518 064
Payables from Exchange Transactions	-17 228 504	-12 644 226	-4 584 278	-	-4 584 278
Payables from Non-exchange Transactions	-9 525 600	-9 525 600	-	-	-
Unspent Conditional Grants and Receipts	-22 694 232	-22 694 232	-	-	-
VAT Payable	-	-	-	-	-
Short-term Loans	-	-	-	-	-
Operating Lease Liabilities	-	-	-	-	-
Liabilities associated with Assets Held-for-Sale	-	-	-	-	-
Bank Overdraft	-	-	-	-	-
Current Portion of Long-term Liabilities	-2 733 711	-2 733 711	-	-	-
Non-Current Liabilities					
Long-term Liabilities	-27 679 212	-27 679 212	-		
Retirement Benefit Liabilities	-19 416 221	-9 544 840	-9 871 381	-2 414 716	-7 456 665
Non-current Provisions	-9 612 415	-12 027 131	2 414 716	2 414 716	-
Net Assets					
Statutory Funds		-	-	-	-
Reserves		-	-	-	-
Accumulated Surplus - Opening Balance	-934 282 291	-934 282 291	-	-	-
Accumulated Surplus - Prior Period Error	-545 672	-	-545 672	-	-545 672
Accumulated Surplus - Change in Net (Surplus)/D	-15 509 807	-3 794 633	-11 715 174	-	-11 715 174
	-87 343 135	**0**	**-87 343 135**	**-**	**-87 343 136**

				2014 R	2013 R
REVENUE					
Revenue from Non-exchange Transactions					
Property Rates	16 889 433	16 889 433	-	-	-
Property Rates - Penalties imposed and collectio	-	-	-	-	-
Fines	4 814 028	4 814 028	-	-	-
Licences and Permits	3 418 722	3 418 722	-	-	-
Income for Agency Services	-	-	-	-	-
Government Grants and Subsidies Received	152 369 838	152 369 838	-	-	-
Public Contributions and Donations	2 196 200	2 196 200	-	-	-
Revenue from Exchange Transactions					
Service Charges	93 571 567	94 335 318	-763 751	-	-763 751
Rental of Facilities and Equipment	1 265 072	1 265 072	-	-	-
Interest Earned - External Investments	1 714 060	1 714 060	-	-	-
Interest Earned - Outstanding Debtors	636 884	636 884	-	-	-
Dividends Received	-	-	-	-	-
Royalties Received	-	-	-	-	-
Other Revenue	2 507 167	3 084 527	-577 360	-	-577 360
Other Gains on Continued Operations	-	-	-	-	-
Gains on Disposal of Property, Plant and Equipm	-	-	-	-	-
Profit on Sale of Land:-	1 047 709	1 047 709	-	-	-
Sale of Land	1 047 709	1 047 709			
Cost of Sales	-	-			
Total Revenue	**280 430 679**	**281 771 790**	**-1 341 111**	**-**	**-1 341 111**
EXPENDITURE					
Employee Related Costs	57 823 623	58 726 879	-903 256	-	-903 256
Remuneration of Councillors	6 418 885	6 418 885	-	-	-
Collection Costs	-	-	-	-	-
Depreciation and Amortisation	38 291 701	53 099 218	-14 807 517	-	-14 807 517
Impairment Losses	10 682 204	9 813 610	868 594	-	868 594
Repairs and Maintenance	21 119 447	21 069 350	50 097	-	50 097
Finance Costs	4 661 124	4 661 124	-	-	-
Bulk Purchases	53 847 495	53 340 094	507 401	-	507 401
Contracted Services	-	-	-	-	-
Grants and Subsidies Paid	-	-	-	-	-
Research and Development Costs	-	-	-	-	-
General Expenses	69 828 044	68 599 648	1 228 396	-	1 228 396
Other Losses on Continued Operations	-	-	-	-	-
Loss on Disposal of Property, Plant and Equipme	2 248 349	2 248 349	-	-	-
Total Expenditure	**264 920 873**	**277 977 157**	**-13 056 285**	**-**	**-13 056 285**
SURPLUS / (DEFICIT) FOR THE YEAR	**15 509 807**	**3 794 633**	**11 715 174**	**-**	**11 715 174**

Receivables from Exchange Transactions
During the review of the prior year provision for doubtful debt, it was found that the impairment was understated with R868 594. This understated resulted in a correction of R802 108 being made to the 'Receivables from Exchange Transactions' (the remaining R66 486 was made to 'Receivables from Non-exchange Transactions'). During the preparation of the current year annual financial statements, it was found that the unmetered consumption for the 2010/2011 and 2011/2012 financial year's were not correctly accounted for. Management performed a detailed analysis of the amounts and the necessary corrections to be made, which resulted in a decrease (credit) of R383 560 in the 'Trade Receivables from Exchange Transactions' balance (decrease of R763 750 in the 'Service Charges'; increase of R47 108 in the 'VAT Receivable' balance ; and an increase of

Receivables from Non-exchange Transacti
During the review of the prior year provision for doubtful debt, it was found that the impairment was understated with R868 594. This understated resulted in a correction of R66 486 being made to the 'Receivables from Non-exchange Transactions' (the remaining R802 108 was made to 'Receivables from Exchange Transactions'). It was also found that the easy pay transactions were not accounted for at 30 June 2013, which resulted in the 'Receivables from Non-exchange Transactions' being overstated with R41 908 (and 'Cash and Cash Equivalents' being understated with R41 908). It was furthermore discovered that the Eskom Deposits R167 650 have never been accounted for - this was corrected retrospectively and the

VAT Receivable
During the preparation of the current year annual financial statements, it was found that the unmetered consumption for the 2010/2011 and 2011/2012 financial year's were not correctly accounted for. Management performed a detailed analysis of the amounts and the necessary corrections to be made, which resulted in an increase (debit) of R47 108 in the 'VAT Receivable' balance (decrease of R763 750 in the 'Service Charges'; decrease of R383 560 in the 'Trade Receivables from Exchange Transactions balance; and an increase of R427 269 in the 'Accumulated Surplus' opening balance).

Cash and Cash Equivalents
During the 2013 audit, it was reported that the sale of stands were incorrectly accounted for. In order to correct this misstatement, 'Cash and Cash Equivalents' were credited (to elimate the transaction) with R577 360 (debiting 'Other Income'). It was also found that the easy pay transactions were not accounted for at 30 June 2013, which resulted in the'Cash and Cash Equivalents' being understated with R41 908 (and 'Receivables from Non-exchange Transactions' being overstated with R41 908). During the current financial year unallocated deposits, amounting to R355 827, was corrected and resulted in an increase in the 'Cash and Cash Equivalents' balance (decrease in suspense accounts). Cheques (specifically cheques 84198 and 81500) were reversed in the current year, resulting in the adjustment being made retrospectively by debting 'Cash and Cash Equivalents' with R824 264 (and creditng 'Payables from Exchange Transactions').

Property, Plant and Equipment
During the current year the municipality embarked in identifying, verifying and determining the costs of all Property, Plant and Equipment, Investment Property, Intangibe Assets, Heritage Assets and Investment Porperty. This resulted in material adjustment being made to the avorementioned balances, as well as the Deprectaion and Amortisation Expense and Accumulated Surplus (opening balance).

	2014 R	2013 R

Intangible Assets
During the current year the municipality embarked in identifying, verifying and determining the costs of all Property, Plant and Equipment, Investment Property, Intangibe Assets, Heritage Assets and Investment Porperty. This resulted in material adjustment being made to the avoremention balances, as well as the Deprectaion and Amortisation Expense and Accumulated Surplus (opening balance).

Investment Property
During the current year the municipality embarked in identifying, verifying and determining the costs of all Property, Plant and Equipment, Investment Property, Intangibe Assets, Heritage Assets and Investment Porperty. This resulted in material adjustment being made to the avoremention balances, as well as the Deprectaion and Amortisation Expense and Accumulated Surplus (opening balance).

Heritage Assets
During the current year the municipality embarked in identifying, verifying and determining the costs of all Property, Plant and Equipment, Investment Property, Intangibe Assets, Heritage Assets and Investment Porperty. This resulted in material adjustment being made to the avoremention balances, as well as the Deprectaion and Amortisation Expense and Accumulated Surplus (opening balance).

Payables from Exchange Transactions
In the prior year journal J592 was duplicated, which resulted in the 'Payables from Exchange Transactions' being overstated R49 247. Cheques (specifically cheques 84198 and 81500) were reversed in the current year, resulting in the adjustment being made retrospectively by creditng 'Payables from Exchange Transactions' with R2 342 762 (and debiting 'Cash and Cash Equivalents'). Creditors amounting to R2 192 269 (Repairs and Maintenance = R50 097; Bulk Purchases = R507 401; Other Expenses = R1 228 396; and VAT = R141 879) were not provided for in the previous financial year - this was retrospectively adjusted.

Provisions
During the review of the prior year 'Retirement Benefit Liabilty' for the Post Employement Medical Aid Liability, it was found that manageement used the incorrect valuation report to account for the balance and movement during the 2013 financial year. This was retorpsectively adjusted to ensure that the movement in the 2014 financial year is correctly acocunted for. This resulted in adjustments being made to the 'Retirement benefit Liability', 'Provisions' and the 'Employee Related Costs'.

Retirement Benefit Liabilities
During the review of the prior year 'Retirement Benefit Liabilty' for the Post Employement Medical Aid Liability, it was found that manageement used the incorrect valuation report to account for the balance and movement during the 2013 financial year. This was retorpsectively adjusted to ensure that the movement in the 2014 financial year is correctly acocunted for. This resulted in adjustments being made to the 'Retirement benefit Liability', 'Provisions' and the 'Employee Related Costs'.

Accumulated Surplus - Opening Balance
In the prior year journal J592 was duplicated, which resulted in the 'Payables from Exchange Transactions' being overstated R49 247. This was corrected by debiting the 'Accumulated Surplus' opening balance (crediting the 'Payables from Exchange Transactions'). During the preparation of the current year annual financial statements, it was found that the unmetered consumption for the 2010/2011 and 2011/2012 financial year's were not correctly accounted for. Management performed a detailed analysis of the amounts and the necessary corrections to be made, which resulted in an increase of R427 269 in the 'Accumulated Surplus' opening balance (decrease of R763 750 in the 'Service Charges'; increase of R47 108 in the 'VAT Receivable' balance ; and decrease of R383 560 in the 'Trade Receivables from Exchange Transactions' balance). It was furthermore discovered that the Eskom Deposits R167 650 (accounted for as 'Trade Receivables from Non-exchange Transactions') have never been accounted for - this was corrected retrospectively and the 'Accumulated Suplus' opening balance was restated with the said amount.

Service Charges
During the preparation of the current year annual financial statements, it was found that the unmetered consumption for the 2010/2011 and 2011/2012 financial year's were not correctly accounted for. Management performed a detailed analysis of the amounts and the necessary corrections to be made, which resulted in a decrease (debit) of R763 750 in the Service Charges (decrease of R383 560 in the 'Trade Receivables from Exchange Transactions balance; increase of R47 108 in the 'VAT Receivable' balance; and an increase of R427 269 in the 'Accumulated Surplus' opening balance).

Other Revenue
During the 2013 audit, it was reported that the sale of stands were incorrectly accounted for. In order to correct this misstatement,'Other Income' weas debited (to elimate the transaction) with R577 360 (crediting 'Cash and Cash Equivalents').

Employee Related Costs
During the review of the prior year 'Retirement Benefit Liabilty' for the Post Employement Medical Aid Liability, it was found that manageement used the incorrect valuation report to account for the balance and movement during the 2013 financial year. This was retorpsectively adjusted to ensure that the movement in the 2014 financial year is correctly acocunted for. This resulted in adjustments being made to the 'Retirement benefit Liability', 'Provisions' and the 'Employee Related Costs'.

Impairment Losses
During the review of the prior year provision for doubtful debt, it was found that the impairment was understated with R868 594. This understated resulted in a correction of R66 486 being made to the 'Receivables from Non-exchange Transactions' and R802 108 to 'Receivables from Exchange Transactions'.

Depreciation and Amortisation
During the current year the municipality embarked in identifying, verifying and determining the costs of all Property, Plant and Equipment, Investment Property, Intangibe Assets, Heritage Assets and Investment Porperty. This resulted in material adjustment being made to the avoremention balances, as well as the Deprectaion and Amortisation Expense and Accumulated Surplus (opening balance).

Repairs and Maintenance
Creditors amounting to R2 192 269 (Repairs and Maintenance = R50 097; Bulk Purchases = R507 401; Other Expenses = R1 228 396; and VAT = R141 879) were not provided for in the previous financial year - this was retrospectively adjusted.

Bulk Purchases
Creditors amounting to R2 192 269 (Repairs and Maintenance = R50 097; Bulk Purchases = R507 401; Other Expenses = R1 228 396; and VAT = R141 879) were not provided for in the previous financial year - this was retrospectively adjusted.

General Expenses
Creditors amounting to R2 192 269 (Repairs and Maintenance = R50 097; Bulk Purchases = R507 401; Other Expenses = R1 228 396; and VAT = R141 879) were not provided for in the previous financial year - this was retrospectively adjusted.

	2014 R	2013 R

44 CHANGE IN ACCOUNTING ESTIMATES

The municipality did not receive any new information or notice of new developments during the financial year that need to be disclosed in terms of

45 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	45 998 491	15 509 807
Adjustment for:		
Depreciation and Amortisation	42 167 801	38 291 701
Impairment Losses on Property, Plant and Equipment	14 554	-
Losses / (Gains) on Disposal of Property, Plant and Equipment	23 552	2 248 349
Profit on Sale of Land	(219 190)	(1 047 709)
Property, Plant and Equipment transferred to Assets Held-for-Sale	-	-
Other Movement on Property, Plant and Equipment	-	-
Contribution to Post-retirement Health Care Benefits	2 448 536	2 214 690
Expenditure incurred from Post-retirement Health Care Benefits	-	-
Contribution to Long Service Awards Liability	497 389	761 177
Expenditure incurred from Long Service Awards Liability	-	-
Contribution to Provisions - Current	-	-
Contribution to Provisions - Non-current	632 482	1 319 074
Contribution to Impairment Provision	4 176 342	10 503 914
Bad Debts Written-off	-	-
Operating surplus before working capital changes	**95 238 456**	**69 751 756**
Decrease/(Increase) in Inventories	(33 005)	(377 190)
Decrease/(Increase) in Non-Current Assets Held-for-Sale	-	-
Decrease/(Increase) in Receivables from Exchange Transactions	(3 606 324)	(8 905 830)
Decrease/(Increase) in Receivables from Non-exchange Transactions	(6 387 405)	(3 115 140)
Decrease/(Increase) in VAT Receivable	9 101 292	(7 776 328)
Decrease/(Increase) in Operating Lease Assets	1 717	(1 411)
Decrease/(Increase) in Current Portion of Long-term Receivables	-	(232 528)
Increase/(Decrease) in Consumer Deposits	224 068	238 973
Other Cash Movements	339 637	(5 671 778)
Increase/(Decrease) in Payables from Exchange Transactions	1 605 308	6 966 083
Increase/(Decrease) in Payables from Non-exchange Transactions	(570 544)	4 359 705
Increase/(Decrease) in Conditional Grants and Receipts	(15 882 975)	10 223 119
Cash generated by / (utilised in) Operations	**80 030 225**	**65 459 430**

46 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2013/14

47 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

48.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:		
Opening balance	123 609 780	107 556 277
Unauthorised Expenditure current year	8 149 090	16 053 503
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 60)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Unauthorised Expenditure awaiting authorisation	**131 758 870**	**123 609 780**

Incident	Disciplinary Steps / Criminal Proceedings
Budgeted votes exceeded:-	
- Executive and Council - R0 (2013: R0)	*To be condoned by Council*
- Finance and Administration - R1 492 895 (2013: R1 048 223)	*To be condoned by Council*
- Housing - R477 (2013: R2 874)	*To be condoned by Council*
- Public Safety - R0 (2013: R0)	*To be condoned by Council*
- Waste Management - R6 655 718 (2013: R7 681 214)	*To be condoned by Council*
- Water - R0 (2013: R7 606 175)	*To be condoned by Council*

48.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	336 016	227 330
Fruitless and Wasteful Expenditure current year	25 923	108 686
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 60)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	**361 939**	**336 016**

	2014 R	2013 R
48.3 Irregular Expenditure		
Reconciliation of Irregular Expenditure:		
Opening balance	186 513 898	186 513 898
Irregular Expenditure current year	8 600	-
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 60)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Irregular Expenditure awaiting condonement	**186 522 498**	**186 513 898**

49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

49.1 Contributions to organised local government - SALGA		
Opening Balance	-	-
Council Subscriptions	721 991	625 113
Amount Paid - current year	(721 991)	(625 113)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	**-**	**-**
49.2 Audit Fees		
Opening Balance	-	-
Current year Audit Fee	2 647 553	2 815 472
Amount Paid - current year	(2 647 553)	(2 815 472)
Amount Paid - previous years		-
Balance Unpaid (included in Creditors)	**-**	**-**

49.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been

49.4 PAYE, Skills Development Levy and UIF		
Opening Balance	-	-
Current year Payroll Deductions	9 801 274	7 065 519
Amount Paid - current year	(9 801 274)	(7 065 519)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	**-**	**-**
49.5 Pension and Medical Aid Deductions		
Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	16 124 851	17 776 812
Amount Paid - current year	(16 124 851)	(17 776 812)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	**-**	**-**

49.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2014	**Total**	**Outstanding up to 90 days**	**Outstanding more than 90 days**
Councillor Brink MAP	11 499	4 075	7 424
Total Councillor Arrear Consumer Accounts	**11 499**	**4 075**	**7 424**

30 June 2013	**Total**	**Outstanding up to 90 days**	**Outstanding more than 90 days**
Councillor Byleveld FP	14 055	4 528	9 977
Councillor Brink MAP	18 053	2 833	15 220
Total Councillor Arrear Consumer Accounts	**32 108**	**7 361**	**25 197**

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

30 June 2014	**Highest amount outstanding**	**Ageing**
Councillor Brink MAP	7 424	> 90 Days

30 June 2013	**Highest amount outstanding**	**Ageing**
Councillor Byleveld FP	8 282	> 90 Days
Councillor Brink MAP	2 527	> 90 Days

49.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

49.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain

	2014 R	2013 R
50 COMMITMENTS FOR EXPENDITURE		
50.1 Capital Commitments		
Commitments in respect of Capital Expenditure:		
- Approved and Contracted for:-	**1 600 730**	**9 596 730**
Infrastructure	1 026 000	9 596 730
Community	574 730	-
- Approved but Not Yet Contracted for:-	**-**	**4 713 172**
Infrastructure	-	4 713 172
Community	-	-
Total Capital Commitments	**1 600 730**	**14 309 902**
This expenditure will be financed from:		
Government Grants	1 600 730	14 309 902
	1 600 730	**14 309 902**

51 FINANCIAL INSTRUMENTS

51.1 Classification

FINANCIAL ASSETS:
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets	Classification		
Long-term Receivables			
Debtors Capitalised Loans	Amortised cost	211 055	211 055
Receivables from Exchange Transactions			
Electricity	Amortised cost	2 668 864	2 345 771
Refuse	Amortised cost	1 871 605	1 535 290
Sewerage	Amortised cost	3 104 750	2 546 967
Water	Amortised cost	1 178 228	1 159 546
Other Receivables	Amortised cost	7 047 970	5 190 247
Receivables from Non-exchange Transactions			
Assessment Rates Debtors	Amortised cost	4 611 500	2 687 340
Accruals	Amortised cost	-	41 908
Sundry Deposits	Amortised cost	-	-
Sundry Debtors	Amortised cost	302 937	51 559
Suspense Accounts	Amortised cost	1 492 368	1 492 368
Cash and Cash Equivalents			
Call Deposits	Amortised cost	12 234 275	13 103 626
Notice Deposits	Amortised cost	-	-
Bank Balances	Amortised cost	2 713 771	6 501 621
Cash Floats and Advances	Fair value	6 520	6 520
Current Portion of Long-term Receivables			
Debtors Capitalised Loans	Amortised cost	240 632	240 632

SUMMARY OF FINANCIAL ASSETS

Financial Assets at Amortised Cost:			
Long-term Receivables	Debtors Capitalised Loans	211 055	211 055
Long-term Receivables	Sale of Stand Loans	-	-
Long-term Receivables	Study Cost Loans	-	-
Receivables from Exchange Transactions	Electricity	2 668 864	2 345 771
Receivables from Exchange Transactions	Refuse	1 871 605	1 535 290
Receivables from Exchange Transactions	Sewerage	3 104 750	2 546 967
Receivables from Exchange Transactions	Water	1 178 228	1 159 546
Receivables from Exchange Transactions	Other Debtors	7 047 970	5 190 247
Receivables from Non-exchange Transactions	Assessment Rates Debtors	4 611 500	2 687 340
Receivables from Non-exchange Transactions	Accruals	-	41 908
Receivables from Non-exchange Transactions	Sundry Deposits	-	-
Receivables from Non-exchange Transactions	Sundry Debtors	302 937	51 559
Receivables from Non-exchange Transactions	Suspense Accounts	1 492 368	1 492 368
Current Portion of Long-term Receivables	Debtors Capitalised Loans	240 632	240 632
Current Portion of Long-term Receivables	Sale of Stand Loans	-	-
Current Portion of Long-term Receivables	Study Cost Loans	-	-

		2014 R	2013 R
Cash and Cash Equivalents	Call Deposits	12 234 275	13 103 626
Cash and Cash Equivalents	Notice Deposits	-	-
Cash and Cash Equivalents	Bank Balances	2 713 771	6 501 621
		39 137 162	38 010 352
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	6 520	6 520
		6 520	288 253
Total Financial Assets		**39 143 682**	**38 298 605**

FINANCIAL LIABILITIES:
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

Financial Liabilities	**Classification**		
Payables from Exchange Transactions			
Trade Creditors	Amortised cost	8 384 771	11 867 980
Retentions	Amortised cost	-	-
Other Creditors	Amortised cost	-	(149 345)
Payables from Non-exchange Transactions			
Staff Bonuses	Amortised cost	1 008 116	1 195 209
Staff Leave Accrued	Amortised cost	1 942 390	1 942 390
Sundry Deposits	Amortised cost	-	-

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:			
Payables from Exchange Transactions	Trade Creditors	8 384 771	11 867 980
Payables from Exchange Transactions	Retentions	-	-
Payables from Exchange Transactions	Other Creditors	-	(149 345)
Payables from Non-exchange Transactions	Staff Bonuses	1 008 116	1 195 209
Payables from Non-exchange Transactions	Staff Leave Accrued	1 942 390	1 942 390
Payables from Non-exchange Transactions	Sundry Deposits	-	-
		48 109 810	50 551 174
Total Financial Liabilities		**48 109 810**	**50 551 174**

51.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate

Cash
The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments
The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are

Loan Receivables/Payables
Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis,

Trade and Other Receivables/Payables
The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and

Other Financial Assets and Liabilities
The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally

Long-term Liabilities
The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required

	2014 R	2013 R

Level 1:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation

30 June 2014

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	6 520	-	6 520
Total Financial Assets	-	6 520	-	6 520
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Total Financial Liabilities	-	-	-	-
Total Financial Instruments	-	6 520	-	6 520

30 June 2013

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	288 253	-	288 253
Total Financial Assets	-	288 253	-	288 253
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Total Financial Liabilities	-	-	-	-
Total Financial Instruments	-	288 253	-	288 253

51.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and

Gearing Ratio

	2014 R	2013 R
The gearing ratio at the year-end was as follows:		
Debt	28 097 187	30 412 923
Cash and Cash Equivalents	(12 240 795)	(13 391 879)
Net Debt	15 856 392	17 021 044
Equity	908 491 624	862 994 634
Net debt to equity ratio	**1.75%**	**1.97%**

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as

51.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's

Further quantitative disclosures are included throughout these Annual Financial Statements.

51.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of

The municipality has exposure to the following risks from its operations in Financial Instruments:

	2014 R	2013 R

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk
Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's

Credit Risk
Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations

Liquidity Risk
Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 56.8 to

51.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 56.7 below). No formal policy exists to

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

51.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the

51.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank,

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this

Interest Rate Sensitivity Analysis
The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is

Cash and Cash Equivalents:
If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:
- Surplus for the year ended 30 June 2014 would have increased / decreased by R0 (30 June 2013: R0). This is mainly attributable to the

51.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors,

Investments/Bank, Cash and Cash Equivalents
The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor

Trade and Other Receivables
Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:
- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the

	2014 R	2013 R

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties

Counterparty and Location	30 June 2014 Credit Limit R	30 June 2014 Carrying Amount R	30 June 2013 Credit Limit R	30 June 2013 Carrying Amount R
Makapan Mall (Pty) Ltd	-	2 541 386	-	2 727 393
Department of Education, Arts and Culture	-	2 342 157	-	1 250 348
Department of Public Works	-	1 502 954	-	-
91380 Wynberg Properties (Pty) Ltd	-	1 431 139	-	-
Northern Province Academy of Sport	-	1 268 533	-	-
Zephan Properties (Pty) Ltd	-	-	-	2 111 628
Midway Bricks (Pty) Ltd	-	-	-	1 408 699
Nedan Oil Mills (Pty) Ltd	-	-	-	1 183 284

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Long-term Receivables	656 475	702 773
Receivables from Exchange Transactions	42 929 846	39 323 522
Receivables from Non-exchange Transactions	22 489 631	16 102 226
Bank, Cash and Cash Equivalents	14 954 566	19 893 500
Maximum Credit and Interest Risk Exposure	**81 030 519**	**76 022 021**
The major concentrations of credit risk that arise from the municipality's receivables in relation to customer		
	%	**%**
Consumer Debtors:		
- Household	392.13%	401.45%
- Industrial / Commercial	39.53%	45.97%
- National and Provincial Government	77.01%	63.86%
Other Debtors:		
- Other not Classified	10.98%	11.49%
Total Credit Risk	**519.66%**	**522.77%**
Bank and Cash Balances		
ABSA Bank Ltd	145 000 000	180 000 000
First National Bank	150 000 000	90 000 000
Nedbank	125 000 000	165 000 000
Standard Bank	14 948 046	19 605 247
Cash Equivalents	6 520	288 253
Total Bank and Cash Balances	**434 954 566**	**454 893 500**
Credit quality of Financial Assets:		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to		
Long-term Receivables		
Group 1	-	-
Group 2	204 788	251 086
Group 3	451 687	451 687
Total Long-term Receivables	**656 475**	**702 773**
Receivables from Exchange Transactions		
Counterparties without external credit rating:-		
Group 1	5 963 435	6 046 203
Group 2	1 330 395	873 233
	7 293 830	6 919 436
Total Receivables from Exchange Transactions	**7 293 830**	**6 919 436**
Receivables from Non-exchange Transactions		
Group 1	2 649 663	1 837 183
Group 2	-	-
Total Receivables from Non-exchange Transactions	**2 649 663**	**1 837 183**

Credit quality Groupings:
Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.
Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement.
Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are

None of the financial assets that are fully performing have been renegotiated in the last year.

51 FINANCIAL INSTRUMENTS (Continued)

51.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 52 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2014								
Non-interest Bearing		0.00%	24 195 635	24 195 635	-	-	-	-
- Long-term Receivables			656 475	656 475	-	-	-	-
- Trade Receivables from Exchange Transactions			15 871 416	15 871 416	-	-	-	-
- Trade Receivables from Non-exchange Transactions			7 661 223	7 661 223	-	-	-	-
- Cash and Cash Equivalents			6 520	6 520	-	-	-	-
			-					
Variable Interest Rate Instruments		0.00%	14 948 046	14 948 046	-	-	-	-
- Call Deposits			12 234 275	12 234 275	-	-	-	-
- Bank Account			2 713 771	2 713 771	-	-	-	-
			-					
			39 143 682	**39 143 682**	**-**	**-**	**-**	**-**
30 June 2013								
Non-interest Bearing		0.00%	18 693 358	18 693 358	-	-	-	-
Variable Interest Rate Instruments		0.00%	19 605 247	19 605 247	-	-	-	-
Fixed Interest Rate Instruments		#DIV/0!	-	-	-	-	-	-
			38 298 605	**38 298 605**	**-**	**-**	**-**	**-**

The municipality has access to financing facilities, the total unused amount which is R0 (2013: R76 263), at the reporting date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.

51.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

	2014 R	2013 R

52 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R7 788 666 (2013: R6 494 650) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES
Municipal Employees Pension Fund:
The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 28 February 2011.

The statutory valuation performed as at 28 February 2011 revealed that the net assets of the fund were R552,8 (28 February 2008: R432,7) million, with a funding level of 107,9% (28 February 2008: 108,2%). The contribution rate paid by the members (7,50%) and Council (15,00%, 18,00% and 22,00%) is not sufficient to fund the benefits accruing from the fund in the future and there is a shortfall in the future employer contribution rate of 8,10% (28 February 2008: 0,70%).

National Fund for Municipal Workers - Pension Fund:
DEFINED CONTRIBUTION SCHEMES
Municipal Councillors Pension Fund:
The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

The statutory valuation performed as at 30 June 2012 revealed that the net assets of the fund were R1 183,5 (30 June 2009: R1 123,7) million, with a funding level of 99,5% (30 June 2009: 102,0%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

The deficit of R6,4 (2009: surplus R22,5) million is regarded as relatively insignificant in the context of the fund. There is a strong possibility that SARS may reverse penalties and interest in the order of R10,3 million which will result in a fully funded position.

As reported by the Actuaries, the Fund was following an appropriate investment strategy duiring the valuation period.

Municipal Employees Gratuity Fund:
The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2013.

The valuation performed as at 30 June 2013 revealed that the market value of the fund was R14 565 (30 June 2012: 12 537) million. The contribution rate payable (7,50% by the member and 22,00% by the employer), is sufficient to fund the benefits accruing from the fund in the future. The fund was certified to be in sound financial condition as at 30 June 2013.

	2014 R	2013 R

National Fund for Municipal Workers
The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2013.

The scheme's assets amounted to R6 981,5 (2012: R5 646,4) million at 30 June.

The statutory valuation performed as at 30 June 2013 revealed that the fund had a deficit of 65,2 (30 June 2012: deficit R63,6) million, with a funding level of 99,07% (30 June 2012: 98,89%). The contribution rate paid by the members (minimum of 2,00% to 5,00%) and the municipalities (minimum of 2,00% to 5,00%) is sufficient to fund the benefits accruing from the fund in the future.

The monthly deductions for cost were sufficient to cover the expenses incurred over the valuation period. The Trustees, with the support of the Valuator, must continue to monitor the position on an annual basis.

National Fund for Municipal Workers - Provident Fund:
None of the above mentioned plans are State Plans.

53 RELATED PARTY TRANSACTIONS

53.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Designation	Initials	Surname	Entity
Speaker	T.E.	Meyers	Kenosi Construction (Director - 50% interest)
			Morallane Construction (Director - 50% interest)
			E.K.C. Cleaners (Director - 30% interest)
Councillor	F.P.	Byleveld	Segopa Butchery
Councillor	P.Q.	Mogatle	Bomme-Sejo Services and Supply Co-Operative Limited
			Pulane Mogatle Trading Enterprise
Councillor	M.J.	Polelo	Baboloki Ba Setshaba Bakery
Councillor	M.J.	Dichabe	Reaiteka Youth Construction
			Tshela Thupa Event Management
Councillor	K.B.	Madikiza	Batlharos Sound Hire
			Tlotlanang Catering
			Bomme-Sejo Services and Supply Co-Operative Limited
Councillor	N.G.	Thupaemang	Mseko Enterprise and Projects
Councillor	N.S.	Bloem	Bomme-Sejo Services and Supply Co-Operative Limited
Councillor	B.E.	Modise	Bomme-Sejo Services and Supply Co-Operative Limited
Councillor	G.C.	Assegaai	Bomme-Sejo Services and Supply Co-Operative Limited
			Gadikgadi
Municipal Manager	G.E.	Ntefang	Gasegonyane Mining Investment
			Mediro Peo Holdings
Corporate Admin Manager	M.R.	Tsatsimpe	Kurara FM Radio Station
Manager Community Services	P.J.	Sampson	Mimoisa Business Solution

53.2 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Total Charges R
For the Year ended 30 June 2014				
Councillors	4 920	10 505	644	16 069
Municipal Manager and Section 57 Personnel	11 473	10 246	1 651	23 370
Total Services	**16 393**	**20 751**	**2 295**	**39 439**

			2014 R	2013 R
For the Year ended 30 June 2013				
Councillors	4 598	14 725	398	19 721
Municipal Manager and Section 57 Personnel	10 723	7 476	757	18 956
Total Services	**15 321**	**22 201**	**1 155**	**38 677**

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

53.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 13 to the Annual Financial Statements.

53.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 33, 34 and Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

	2014 R	2013 R

53.5 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

54 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

55 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2014.

56 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 42) and Prior Period Errors (Note 43).

57 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) On 29 May 2014 the Council adopted the 2014/15 to 2016/17 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX B
GA-SEGONYANA LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings													
Land	16 438 850	-	-	-	-	-	16 438 850	-	-	-	-	-	16 438 850
Buildings	77 928 961	444 542	-	5 409 705	-	-	83 783 208	40 836 239	1 547 780	-	-	42 384 019	41 399 189
Total	**94 367 811**	**444 542**	**-**	**5 409 705**	**-**	**-**	**100 222 058**	**40 836 239**	**1 547 780**	**-**	**-**	**42 384 019**	**57 838 039**
Infrastructure													
Electricity													
LV Network	87 279 432	1 878 971	-	-	-	-	89 158 403	27 476 605	5 013 498	-	-	32 490 103	56 668 300
MV Network	61 403 828	317 457	-	3 989 231	-	-	65 710 516	26 970 782	1 541 203	-	-	28 511 985	37 198 531
Airports													
Airport Structures	5 969 933	-	-	-	-	-	5 969 933	2 956 980	241 651	-	-	3 198 631	2 771 302
Roads													
Bridges	8 057 463	-	-	-	-	-	8 057 463	5 673 797	100 718	-	-	5 774 515	2 282 948
Road Structures	419 685 757	-	-	22 323 172	-	-	442 008 929	192 427 952	15 584 229	-	-	208 012 181	233 996 748
Storm Water	51 624 749	-	-	-	-	-	51 624 749	26 155 923	860 412	-	-	27 016 336	24 608 413
Traffic Management	2 362 746	-	-	-	-	-	2 362 746	937 032	125 646	-	-	1 062 678	1 300 069
Sanitation													
Collection / Reticulation Network	145 988 161	-	-	-	-	-	145 988 161	43 678 379	2 919 763	-	-	46 598 142	99 390 019
Distribution / Reticulation Network	97 745	-	-	-	-	-	97 745	44 636	3 258	-	-	47 894	49 851
Outfall Sewer	24 086 402	-	-	3 930 357	-	-	28 016 758	6 744 193	481 728	-	-	7 225 921	20 790 838
Sewer Pump Station	11 461 437	731 549	-	-	-	-	12 192 986	3 037 654	558 966	-	-	3 596 621	8 596 366
Solid Waste Disposal	7 087 706	-	-	-	-	-	7 087 706	3 150 092	787 523	-	-	3 937 614	3 150 092
Waste Water Treatment	7 455 562	-	-	-	-	-	7 455 562	3 516 276	237 953	-	-	3 754 229	3 701 333
Water													
Boreholes	32 200 950	32 547	-	-	-	-	32 233 497	10 849 252	1 379 315	-	-	12 228 567	20 004 930
Bulk Supply	39 246 179	39 227	-	-	-	-	39 285 406	9 823 509	644 169	-	-	10 467 678	28 817 727
Distributions / Reticulation Network	280 466 832	44 794	-	72 767 108	-	-	353 278 735	69 295 598	5 941 961	-	-	75 237 558	278 041 177
Storage	42 378 922	413 163	-	-	-	-	42 792 085	17 393 243	989 829	-	-	18 383 071	24 409 014
Water Pump Station	8 947 699	-	-	-	-	-	8 947 699	607 167	364 960	-	-	972 127	7 975 572
Water Pump Stations	7 611 197	-	-	-	-	-	7 611 197	473 314	401 677	-	-	874 991	6 736 205
Total	**1 243 412 701**	**3 457 708**	**-**	**103 009 868**	**-**	**-**	**1 349 880 277**	**451 212 382**	**38 178 461**	**-**	**-**	**489 390 843**	**860 489 434**
Leased Assets													
Motor Vehicles	1 282 369	-	-	-	-	-	1 282 369	348 016	279 074	-	-	627 089	655 280
Office Equipment	1 871 436	522 526	-	-	-	-	2 393 962	853 790	523 887	-	-	1 377 677	1 016 285
Total	**3 153 805**	**522 526**	**-**	**-**	**-**	**-**	**3 676 331**	**1 201 806**	**802 961**	**-**	**-**	**2 004 766**	**1 671 565**
Other Assets													
Emergency equipment													
Emergency / rescue equipment	10 780	17 400	-	-	-	-	28 180	5 374	3 837	-	-	9 211	18 969
Fire fighting equipment / fire hoses	43 150	-	-	-	-	-	43 150	8 227	7 815	-	-	16 042	27 108
Motor vehicles													
Emergency vehicles	1 868 144	-	-	-	-	-	1 868 144	203 832	128 101	-	-	331 933	1 536 211
Farm vehicles	887 400	-	-	-	-	-	887 400	85 190	42 595	-	-	127 786	759 614

APPENDIX B

GA-SEGONYANA LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Passenger vehicles	2 137 782	-	-	-	-	-	2 137 782	406 650	146 591	-	-	553 241	1 584 541
Specialised vehicles	104 200	-	-	-	-	-	104 200	15 310	3 894	-	-	19 205	84 995
Tractors	651 600	-	-	-	-	-	651 600	115 937	20 851	-	-	136 788	514 812
Trailers and accessories	1 181 700	-	-	-	-	-	1 181 700	134 515	56 722	-	-	191 237	990 463
Trucks, buses and ldv's	3 899 578	-	-	-	-	-	3 899 578	446 104	127 661	-	-	573 765	3 325 813
Furniture and fittings													
Beds	97 950	-	-	-	-	-	97 950	41 866	17 631	-	-	59 497	38 453
Cabinets & cupboards	1 911 026	54 929	-	-	-	-	1 965 955	334 591	247 601	-	-	582 192	1 383 763
Chairs and couches	1 303 857	76 390	-	-	-	-	1 380 247	274 303	175 394	-	-	449 697	930 551
Headboards	17 167	-	-	-	-	-	17 167	2 690	3 090	-	-	5 780	11 387
Other furniture and fittings	190 886	39 580	-	-	-	-	230 466	47 490	37 471	-	-	84 961	145 505
Shelving and bookcases	163 976	47 436	-	-	-	-	211 412	35 081	21 596	-	-	56 677	154 734
Tables & desks	820 924	106 101	-	-	-	-	927 025	157 253	108 443	-	-	265 696	661 329
Plant and equipment													
Compressors	37 050	-	-	-	-	-	37 050	8 647	4 764	-	-	13 410	23 640
Earth moving equipment	1 044 000	-	-	-	-	-	1 044 000	220 658	62 640	-	-	283 298	760 703
Generators	442 141	-	-	-	-	-	442 141	108 425	56 847	-	-	165 272	276 869
Lab equipment	32 775	-	-	-	-	-	32 775	10 551	5 232	-	-	15 783	16 992
Lawnmowers / gardening equipment	201 318	8 929	-	-	-	-	210 247	50 406	45 949	-	-	96 355	113 893
Plant and equipment - other	617 001	70 077	-	-	-	-	687 079	57 819	106 720	-	-	164 539	522 540
Radio equipment	8 300	-	-	-	-	-	8 300	3 096	1 494	-	-	4 590	3 710
Sports equipment	550	-	-	-	-	-	550	50	99	-	-	149	402
Workshop equipment and tools	570 995	16 273	-	-	-	-	587 267	125 468	95 351	-	-	220 819	366 448
Office equipment													
Air conditioners	582 411	96 360	-	-	-	-	678 771	123 483	141 438	-	-	264 921	413 850
Audiovisual equipment	323 585	585 166	-	-	-	-	908 751	106 523	122 442	-	-	228 965	679 786
Computer hardware	2 826 471	260 501	-	-	-	-	3 086 972	695 246	604 273	-	-	1 299 519	1 787 453
Domestic equipment	749 808	7 836	-	-	-	-	757 644	58 799	139 026	-	-	197 825	559 818
Office equipment - other	272 287	3 498	-	-	-	-	275 785	68 720	50 841	-	-	119 561	156 224
Office machines	294 736	7 373	-	-	-	-	302 109	76 454	55 799	-	-	132 253	169 857
Total	**23 293 549**	**1 397 849**	**-**	**-**	**-**	**-**	**24 691 398**	**4 028 758**	**2 642 209**	**-**	**-**	**6 670 966**	**18 020 431**
Total	**1 364 227 866**	**5 822 624**	**-**	**108 419 573**	**-**	**-**	**1 478 470 063**	**497 279 185**	**43 171 410**	**-**	**-**	**540 450 595**	**938 019 469**

GA-SEGONYANA LOCAL MUNICIPALITY

ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2014

	Cost / Revaluation	Accumulated Depreciation / Impairment	Carrying

APPENDIX B

GA-SEGONYANA LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Description	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Investment Properties													
Land And Buildings	661 000	-	-	-	-	-	661 000	-	-	-	-	-	661 000
Total	**661 000**	**-**	**-**	**-**	**-**	**-**	**661 000**	**-**	**-**	**-**	**-**	**-**	**661 000**

GA-SEGONYANA LOCAL MUNICIPALITY

ANALYSIS OF HERITAGE PROPERTIES AS AT 30 JUNE 2014

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Heritage Assets													
Heritage Assets	1 686 000	-	-	-	-	-	1 686 000	-	-	-	-	-	1 686 000
Total	**1 686 000**	**-**	**-**	**-**	**-**	**-**	**1 686 000**	**-**	**-**	**-**	**-**	**-**	**1 686 000**

GA-SEGONYANA LOCAL MUNICIPALITY

ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2014

Description	Cost / Revaluation							Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Fair Value Adjustment	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets													
Computer Software	1 438 613	-	-	-	-	(12 807)	1 425 806	573 378	205 970	-	(11 385)	767 963	657 844
Total	**1 438 613**	**-**	**-**	**-**	**-**	**(12 807)**	**1 425 806**	**573 378**	**205 970**	**-**	**(11 385)**	**767 963**	**657 844**
							0.00						
Total Asset Register	**1 368 013 480**	**5 822 624**	**-**	**108 419 573**	**-**	**(12 807)**	**1 482 242 870**	**497 852 563**	**43 377 380**	**-**	**(11 385)**	**541 218 557**	**941 024 313**

APPENDIX D

GA-SEGONYANA MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)	Description	2014 Actual Income	2014 Actual Expenditure	2014 Surplus/ (Deficit)
R	R	R		R	R	R
9 401 839	15 852 231	(6 450 392)	Executive and Council	10 429 961	24 260 353	(13 830 393)
22 376 882	28 311 586	(5 934 704)	Finance and Administration	23 318 376	27 935 803	(4 617 428)
29 368 609	12 750 704	16 617 905	Planning and Development	29 067 625	29 419 434	(351 809)
23 169	544 280	(521 111)	Health	32 666	403 472	(370 805)
1 162 044	6 639 849	(5 477 805)	Community and Social Services	1 101 121	13 677 205	(12 576 084)
-	3 274	(3 274)	Housing	-	3 708	(3 708)
8 940 120	19 101 130	(10 161 010)	Public Safety	6 851 775	21 724 684	(14 872 908)
1 344 100	9 062 667	(7 718 567)	Sport and Recreation	1 106 260	7 995 399	(6 889 138)
-	-	-	Environmental Protection	-	-	-
37 265 829	25 693 494	11 572 335	Waste Management	64 541 666	27 785 851	36 755 815
5 992 679	23 816 256	(17 823 577)	Roads and Transport	7 505 507	20 194 658	(12 689 152)
68 491 116	40 698 508	27 792 608	Water	92 172 032	45 599 697	46 572 334
96 020 084	80 816 485	15 203 599	Electricity	105 831 260	73 344 551	32 486 710
44 208	1 630 409	(1 586 201)	Other	49 387	3 664 330	(3 614 943)
280 430 679	**264 920 873**	**15 509 807**	Sub-Total	**342 007 636**	**296 009 145**	**45 998 491**
			Revenue Foregone			
280 430 679	**264 920 873**	**15 509 807**	**Total**	**342 007 636**	**296 009 145**	**45 998 491**

APPENDIX E(1)
GA-SEGONYANA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14											2012/13
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE - STANDARD												
Governance and Administration:												
Executive and Council	10 755 900	141 796	10 897 696	-	-	10 897 696	10 429 961	-	(467 735)	95.71	96.97	9 401 839
Budget and Treasury Office	32 453 678	1 194 870	33 648 548	-	-	33 648 548	23 318 376	-	(10 330 172)	69.30	71.85	22 376 882
Corporate Services	49 387	-	49 387	-	-	49 387	49 387	-	-	100.00	100.00	44 208
Community and Public Safety:												
Community and Social Services	1 091 250	26 000	1 117 250	-	-	1 117 250	1 101 121	-	(16 129)	98.56	100.90	1 162 044
Sport and Recreation	1 837 219	20 000	1 857 219	-	-	1 857 219	1 106 260	-	(750 959)	59.57	60.21	1 344 100
Public Safety	8 219 937	602 000	8 821 937	-	(50 636)	8 771 301	6 851 775	-	(1 919 526)	78.12	83.36	8 940 120
Housing	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Health	26 161	3 000	29 161	-	-	29 161	32 666	-	3 505	112.02	124.87	23 169
Economic and Environmental Services:												
Planning and Development	14 352 672	41 679 112	56 031 784	-	(4 825 264)	51 206 520	29 067 625	-	(22 138 895)	56.77	202.52	29 368 609
Road Transport	1 343 651	(928 000)	415 651	-	(261 285)	154 366	7 505 507	-	7 351 141	4 862.15	558.59	5 992 679
Environmental Protection	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Trading Services:												
Electricity	104 239 415	188 200	104 427 615	-	-	104 427 615	105 831 260	-	1 403 645	101.34	101.53	96 020 084
Water	42 799 298	1 855 817	44 655 115	-	-	44 655 115	92 172 032	-	47 516 917	206.41	215.36	68 491 116
Waste Water Management	16 473 627	1 000	16 474 627	-	-	16 474 627	18 841 614	-	2 366 987	114.37	114.37	16 972 240
Waste Management	21 026 342	-	21 026 342	-	-	21 026 342	45 700 051	-	24 673 709	217.35	217.35	20 293 589
Other:												
Tourism	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Total Revenue - Standard	254 668 537	44 783 795	299 452 332	-	(5 137 185)	294 315 147	342 007 636	-	47 692 488	116.20	134.30	280 430 679
EXPENDITURE - STANDARD												
Governance and Administration:												
Executive and Council	16 597 167	9 060 496	25 657 663	-	316 750	25 974 413	24 260 353	-	(1 714 060)	93.40	146.17	15 852 231
Budget and Treasury Office	25 792 776	724 764	26 517 540	-	(74 632)	26 442 908	27 935 803	-	1 492 895	105.65	108.31	28 311 586
Corporate Services	5 532 785	(1 310 584)	4 222 201	-	(16 750)	4 205 451	3 664 330	-	(541 121)	87.13	66.23	1 630 409
Community and Public Safety:												
Community and Social Services	12 306 099	1 466 395	13 772 494	-	33 936	13 806 430	13 677 205	-	(129 225)	99.06	111.14	6 639 849
Sport and Recreation	8 133 564	1 057 865	9 191 429	-	(45 000)	9 146 429	7 995 399	-	(1 151 030)	87.42	98.30	9 062 667
Public Safety	21 323 799	2 013 498	23 337 297	-	(157 472)	23 179 825	21 724 684	-	(1 455 141)	93.72	101.88	19 101 130
Housing	3 231	-	3 231	-	-	3 231	3 708	-	477	114.77	114.77	3 274
Health	687 218	(202 093)	485 125	-	-	485 125	403 472	-	(81 653)	83.17	58.71	544 280
Economic and Environmental Services:												
Planning and Development	9 790 232	16 914 466	26 704 698	-	3 188 796	29 893 494	29 419 434	-	(474 060)	98.41	300.50	12 750 704
Road Transport	25 868 108	79 693	25 947 801	-	(3 008 121)	22 939 680	20 194 658	-	(2 745 022)	88.03	78.07	23 816 256
Environmental Protection	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Trading Services:												
Electricity	81 868 244	(2 308 672)	79 559 572	-	(106 500)	79 453 072	73 344 551	-	(6 108 521)	92.31	89.59	80 816 485
Water	40 678 014	7 862 867	48 540 881	-	57 000	48 597 881	45 599 697	-	(2 998 184)	93.83	112.10	40 698 508
Waste Water Management	5 947 698	(1 402 733)	4 544 965	-	(697)	4 544 268	7 871 791	-	3 327 523	173.22	132.35	9 309 977
Waste Management	16 172 535	595 330	16 767 865	-	(182 000)	16 585 865	19 914 060	-	3 328 195	120.07	123.14	16 383 516
Other:												
Tourism	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Total Expenditure - Standard	270 701 470	34 551 292	305 252 762	-	5 310	305 258 072	296 009 145	-	(9 248 927)	96.97	109.35	264 920 873
Surplus/(Deficit) for the year	**(16 032 933)**	**10 232 503**	**(5 800 430)**	**-**	**(5 142 495)**	**(10 942 925)**	**45 998 491**	**-**	**56 941 415**	**0.00**	**0.00**	**15 509 807**

APPENDIX E (2)
GA-SEGONYANA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14											2012/13
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE BY VOTE												
Vote 1 - Financial Services	32 453 678	1 194 870	33 648 548	-	-	33 648 548	23 318 376	-	(10 330 172)	69.30	71.85	22 376 882
Vote 2 - Corporate Services	11 093 787	141 796	11 235 583	-	-	11 235 583	10 675 085	-	(560 498)	95.01	96.23	9 761 125
Vote 3 - Community Services	31 912 409	651 000	32 563 409	-	(50 636)	32 512 773	54 597 967	-	22 085 194	167.93	171.09	31 450 926
Vote 4 - Technical Services	179 208 663	42 796 129	222 004 792	-	(5 086 549)	216 918 243	253 416 208	-	36 497 964	116.83	141.41	216 841 746
Total Revenue by Vote	254 668 537	44 783 795	299 452 332	-	(5 137 185)	294 315 147	342 007 636	-	47 692 488	116.20	134.30	280 430 679
EXPENDITURE BY VOTE												
Vote 1 - Financial Services	25 792 776	724 764	26 517 540	-	(74 632)	26 442 908	27 935 803	-	1 492 895	105.65	108.31	28 311 586
Vote 2 - Corporate Services	31 073 162	9 569 952	40 643 114	-	138 000	40 781 114	37 631 841	-	(3 149 273)	92.28	121.11	24 204 111
Vote 3 - Community Services	49 680 005	3 110 955	52 790 960	-	(188 533)	52 602 427	54 007 662	-	1 405 235	102.67	108.71	45 009 971
Vote 4 - Technical Services	164 155 527	21 145 621	185 301 148	-	130 475	185 431 623	176 433 839	-	(8 997 784)	95.15	107.48	167 395 205
Total Expenditure by Vote	270 701 470	34 551 292	305 252 762	-	5 310	305 258 072	296 009 145	-	(9 248 927)	96.97	109.35	264 920 873
Surplus/(Deficit) for the year	**(16 032 933)**	**10 232 503**	**(5 800 430)**	**-**	**(5 142 495)**	**(10 942 925)**	**45 998 491**	**-**	**56 941 415**	**0.00**	**0.00**	**15 509 807**

APPENDIX E (3)
GA-SEGONYANA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14											2012/13
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R
Revenue by Source												
Property Rates	27 474 139	215 000	27 689 139	-	-	27 689 139	17 988 383	-	(9 700 756)	64.97	65.47	16 889 433
Property Rates - Penalties & Collection Charges	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Service Charges - Electricity	72 226 760	148 200	72 374 960	-	-	72 374 960	66 611 600	-	(5 763 360)	92.04	92.23	65 240 300
Service Charges - Water	18 640 600	-	18 640 600	-	-	18 640 600	17 515 495	-	(1 125 105)	93.96	93.96	13 652 186
Service Charges - Sanitation	9 577 440	1 000	9 578 440	-	-	9 578 440	9 215 150	-	(363 290)	96.21	96.22	8 783 786
Service Charges - Refuse	7 373 235	-	7 373 235	-	-	7 373 235	6 375 613	-	(997 622)	86.47	86.47	5 895 295
Service Charges - Other	-	-	-	-	-	-	0	-	0	0.00	0.00	-
Rental of Facilities and Equipment	2 634 221	(903 000)	1 731 221	-	-	1 731 221	1 026 270	-	(704 951)	59.28	38.96	1 265 072
Interest Earned - External Investments	762 700	700 000	1 462 700	-	-	1 462 700	1 448 305	-	(14 395)	99.02	189.89	1 714 060
Interest Earned - Outstanding Debtors	1 088 910	400 000	1 488 910	-	-	1 488 910	1 287 280	-	(201 630)	86.46	118.22	636 884
Dividends Received	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Fines	4 057 061	-	4 057 061	-	-	4 057 061	2 259 740	-	(1 797 321)	55.70	55.70	4 814 028
Licences and Permits	3 522 022	402 000	3 924 022	-	-	3 924 022	3 815 354	-	(108 668)	97.23	108.33	3 418 722
Agency Services	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Transfers Recognised - Operational	(150 979 444)	(184 039 771)	(335 019 215)	-	-	(335 019 215)	119 680 504	-	454 699 719	0.00	0.00	154 566 038
Other Revenue	21 795 742	31 653 792	53 449 534	-	(5 137 185)	48 312 349	13 268 563	-	(35 043 786)	27.46	60.88	2 507 167
Gains on Disposal of PPE	1 000 000	(500 000)	500 000	-	-	500 000	219 190	-	(280 810)	43.84	21.92	1 047 709
Total Revenue (excluding Capital Transfers & Contrib	19 173 386	(151 922 779)	(132 749 393)	-	(5 137 185)	(137 886 578)	260 711 447	-	398 598 024	0.00	1 359.76	280 430 679
Expenditure												
Employee Related Costs	74 664 283	(963 265)	73 701 018	-	(15 900)	73 685 118	74 606 633	921 515	921 515	101.25	99.92	57 823 623
Remuneration of Councillors	6 719 259	-	6 719 259	-	-	6 719 259	6 743 473	24 214	24 214	100.36	100.36	6 418 885
Debt Impairment	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Depreciation and Asset Impairment	38 287 865	-	38 287 865	-	-	38 287 865	46 358 697	8 070 832	8 070 832	121.08	121.08	48 973 905
Finance Charges	7 136 830	(4 294 690)	2 842 140	-	-	2 842 140	2 801 222	-	(40 918)	98.56	39.25	4 661 124
Bulk Purchases	58 209 428	2 070 430	60 279 858	-	-	60 279 858	54 784 014	-	(5 495 844)	90.88	94.12	53 847 495
Other Materials	26 683 542	6 089 346	32 772 888	-	3	32 772 891	28 294 786	-	(4 478 105)	86.34	106.04	21 119 447
Contracted Services	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Transfers and Grants	300 000	50 000	350 000	-	-	350 000	279 357	-	(70 643)	79.82	93.12	-
Other Expenditure	58 700 263	31 599 471	90 299 734	-	21 207	90 320 941	82 117 410	-	(8 203 531)	90.92	139.89	69 828 044
Loss on Disposal of PPE	-	-	-	-	-	-	23 552	23 552	23 552	0.00	0.00	2 248 349
Total Expenditure	270 701 470	34 551 292	305 252 762	-	5 310	305 258 072	296 009 145	9 040 113	(9 248 927)	96.97	109.35	264 920 873
Surplus/(Deficit)	(251 528 084)	(186 474 071)	(438 002 155)	-	(5 142 495)	(443 144 650)	(35 297 698)	(9 040 113)	407 846 951	0.00	0.00	15 509 807
Transfers Recognised - Capital	235 495 151	196 706 574	432 201 725	-	-	432 201 725	81 296 189	-	(350 905 536)	18.81	34.52	-
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Contributed Assets	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Surplus/(Deficit) after Capital Transfers and	(16 032 933)	10 232 503	(5 800 430)	-	(5 142 495)	(10 942 925)	45 998 491	(9 040 113)	56 941 415	0.00	0.00	15 509 807
Surplus / (Deficit) from Discontinued Operations	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Surplus/(Deficit) for the Year	**(16 032 933)**	**10 232 503**	**(5 800 430)**	**-**	**(5 142 495)**	**(10 942 925)**	**45 998 491**	**(9 040 113)**	**56 941 415**	**-**	**-**	**15 509 807**

APPENDIX E(4)
GA-SEGONYANA MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14								2012/13
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	R	R	R	R	R	R	R	R	R
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and Other	119 053 797	54 280 713	173 334 510	173 334 510	164 428 001	(8 906 509)	94.86	138.11	105 506 807
Government - Operating	(83 900 151)	(176 115 108)	(260 015 259)	(260 015 259)	78 066 324				162 022 447
Government - Capital	235 495 151	196 706 574	432 201 725	432 201 725	81 296 189	(350 905 536)	18.81	34.52	570 510
Interest	1 158 487	1 368 893	2 527 380	2 527 380	1 448 305	(1 079 075)	57.30	125.02	1 714 060
Payments									
Suppliers and Employees	(247 045 586)	(34 853 035)	(281 898 621)	(281 898 621)	(242 128 014)	39 770 607	0.00	0.00	(199 693 270)
Finance Charges	(7 136 830)	4 294 690	(2 842 140)	(2 842 140)	(2 801 222)	40 918	0.00	0.00	(4 661 124)
Transfers and Grants	(300 000)	(50 000)	(350 000)	(350 000)	(279 357)	70 643	0.00	0.00	-
NET CASH FROM / (USED) OPERATING ACTIVITIES	17 324 868	45 632 727	62 957 595	62 957 595	80 030 225	(321 008 952)	127.12	461.94	65 459 430
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on Disposal of PPE	605 000	(230 000)	375 000	375 000	197 059	(177 941)	52.55	32.57	(1 200 640)
Decrease / (Increase) in Non-current Debtors	-	-	-	-	43 842	43 842	0.00	0.00	(180 953)
Payments									
Capital Assets	(86 124 000)	14 255 259	(71 868 741)	(71 868 741)	(82 894 325)	(11 025 584)	0.00	0.00	(57 927 468)
NET CASH FROM / (USED) INVESTING ACTIVITIES	(85 519 000)	14 025 259	(71 493 741)	(71 493 741)	(82 653 423)	(11 159 682)	0.00	0.00	(59 309 061)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
New Loans raised	25 000 000	(25 000 000)	-	-	-	-	0.00	0.00	-
Payments									
Loans repaid	(5 460 153)	3 438 153	(2 022 000)	(2 022 000)	(2 315 736)	(293 736)	0.00	0.00	(3 120 747)
NET CASH FROM / (USED) FINANCING ACTIVITIES	19 539 847	(21 561 847)	(2 022 000)	(2 022 000)	(2 315 736)	(293 736)	0.00	0.00	(3 120 747)
	(19 539 847)	**21 561 847**	**2 022 000**	**2 022 000**	2 315 736				3 120 747
NET INCREASE / (DECREASE) IN CASH HELD	48 654 285	(38 096 139)	10 558 146	10 558 146	4 938 934	(5 619 212)	46.78	10.15	(3 029 622)
Cash / Cash Equivalents at the Year begin:	49 475 132	(31 305 126)	18 170 006	18 170 006	19 893 500	1 723 494	109.49	40.21	16 863 878
Cash / Cash Equivalents at the Year end:	820 847	6 791 013	7 611 860	7 611 860	14 954 566	7 342 706	196.46	1 821.85	19 893 500

APPENDIX F
GA-SEGONYANA MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 0F 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		
Equitable Share	Nat Treasury	30 664 000	24 530 000	18 397 000	0	30 664 000	24 530 000	18 397 000	0	0	0	0	20 188 000	DWAF/EPWP	N/A
FMG	Nat Treasury	1 550 000	0	0	0	161 339	252 954	829 101	306 606	0	0	0	0	N/A	N/A
NDPG	Nat Treasury	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A
MIG Projects	MIG	8 264 000	22 213 000	21 894 000	0	9 590 781	18 622 069	10 109 573	26 402 587	0	0	0	83 600 000	Non-spending	N/A
Bulk Infrastructure Grant	DWAF	0	1 660 333	4 516 004	152 165	0	1 660 333	4 516 004	152 165	0	0	0	0	N/A	N/A
DWAF O & M	DWAF	3 500 000	3 000 000	0	0	0	0	3 584 105	2 319 824	0	0	0	0	Non-spending	N/A
DME Projects	DME	2 000 000	0	0	0	0	2 000 000	0	0	0	0	0	0	N/A	N/A
MSIG	DPLG	890 000	0	0	0	120 000	84 100	88 935	271 026	0	0	0	0	N/A	N/A
EPWP Incentive Grant	Province	400 000	300 000	300 000	0	215 572	163 326	630 436	213 850	0	0	0	0	Non-spending	N/A
Municipal Water Infrastructur	Province	3 543 000					3 543 000								
Total Grants and Subsidies Received		**50 811 000**	**51 703 333**	**45 107 004**	**152 165**	**40 751 693**	**50 855 783**	**38 155 153**	**29 666 058**	**0**	**0**	**0**	#########		

APPENDIX G

GA-SEGONYANA MUNICIPALITY

RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio		Formula	Norm / Range	Input Description	Data Inputs and Results	
					2014	2013
1.	**FINANCIAL POSITION**					
A.	**Asset Management / Utilisation**					
1.	Capital Expenditure to Total	Total Capital Expenditure / Total	10% - 20%		0	(0)
				Total Operating Expenditure	296 009 145	264 920 873
				Taxation Expense	-	-
				Total Capital Expenditure	603 320	(3 995 234)
2.	Impairment of Property, Plant and	Property, Plant and Equipment +	0%		0	-
				PPE, Investment Property & Intangible Impairment	14 554	-
				PPE at Carrying Value	937 496 943	897 774 028
				IP at Carrying Value	661 000	661 000
				Intangible Assets at Carrying Value	657 844	865 236
3.	Repairs and Maintenance as a % of	Total Repairs and Maintenance	8%		0	0
				Total Repairs and Maintenance Expenditure	28 294 786	21 119 447
				PPE at Carrying Value	937 496 943	897 774 028
				Investment Property at Carrying Value	661 000	661 000
B.	**Debtors Management**					
1.	Collection Rate	(Gross Debtors Closing Balance + Billed	95%		1	1
				Gross Debtors Closing Balance	58 236 299	49 055 123
				Gross Debtors Opening Balance	49 055 123	38 032 020
				Bad Debts Written-off	-	-
				Billed Revenue	118 993 521	111 097 884
2.	Bad Debts Written-off as % of	Bad Debts Written-off / Provision for Bad	100%		-	-
				Consumer Debtors Bad Debts Written-off	-	-
				Consumer Debtors Current Bad Debt Provision	4 176 342	9 947 636
3.	Net Debtors Days	((Gross Debtors - Bad Debt Provision) /	30 Days		63	51
				Gross Debtors	58 236 299	49 055 123
				Bad Debts Provision	37 766 304	33 589 962
				Billed Revenue	118 993 521	111 097 884
C.	**Liquidity Management**					
1.	Cash / Cost Coverage Ratio	((Cash and Cash Equivalents - Unspent	1 - 3 Months		0	(0)
				Cash and Cash Equivalents	14 954 566	19 893 500
				Unspent Conditional Grants	6 811 257	22 694 232
				Overdraft	-	-
				Short-term Investments	-	-
				Total Annual Operational Expenditure	249 626 896	213 698 618
2.	Current Ratio	Current Assets / Current Liabilities	1.5 - 2:1		2	1
				Current Assets	65 701 575	73 893 147
				Current Liabilities	40 463 275	55 608 968

APPENDIX G

GA-SEGONYANA MUNICIPALITY

RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio		Formula	Norm / Range	Input Description	Data Inputs and Results	
					2014	2013
C.	**Liability Management**					
1.	Capital Cost (Interest Paid and	Capital Cost (Interest Paid and	6% - 8%		0	0
				Interest Paid	2 651 878	3 581 135
				Redemption	(2 315 736)	(3 120 747)
				Total Operating Expenditure	296 009 145	264 920 873
				Taxation Expense	-	-
2.	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non-	45%		0	-
				Total Debt	28 097 187	-
				Total Operating Revenue	342 007 636	-
				Operational Conditional Grants	90 865 884	71 189 258
C.	**Sustainability**					
1.	Level of Cash Backed Reserves	(Cash and Cash Equivalents - Bank	100%		1	1
				Cash and Cash Equivalents	14 954 566	19 893 500
				Bank Overdraft	-	-
				Short Term Investment	-	-
				Long Term Investment	-	-
				Unspent Grants	6 811 257	22 694 232
				Net Assets	908 491 624	862 994 634
				Share Premium	-	-
				Share Capital	-	-
				Revaluation Reserve	-	-
				Fair Value Adjustment Reserve	-	-
				Accumulated Surplus	908 491 624	862 994 634
2.	**FINANCIAL PERFORMANCE**					
A.	**Efficiency**					
1.	Net Operating Surplus Margin	(Total Operating Revenue - Total	= or > 0%		0	0
				Total Operating Revenue	341 788 446	279 382 971
				Depreciation - Revalued Portion	-	-
				Total Operating Expenditure	295 985 593	262 672 524
				Taxation Expense	-	-
2.	Net Surplus / Deficit Electricity	Total Electricity Revenue less Total	0% - 15%		0	0
				Total Electricity Revenue	105 831 260	96 020 084
				Total Electricity Expenditure	73 344 551	80 816 485
3.	Net Surplus / Deficit Water	Total Water Revenue less Total Water	= or > 0%		1	0
				Total Water Revenue	92 172 032	68 491 116
				Total Water Expenditure	45 599 697	40 698 508
4.	Net Surplus / Deficit Refuse	Total Refuse Revenue less Total Refuse	= or > 0%		1	1
				Total Refuse Revenue	1 830	2 982
				Total Refuse Expenditure	-	-
5.	Net Surplus / Deficit Sanitation and	Total Sanitation and Waste Water Revenue less Total	= or > 0%		1	0
				Total Sanitation and Waste Water Revenue	64 539 836	37 262 847
				Total Sanitation and Waste Water Expenditure	27 785 851	25 693 494

APPENDIX G

GA-SEGONYANA MUNICIPALITY

RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio		Formula	Norm / Range	Input Description	Data Inputs and Results	
					2014	2013
B.	**Distribution Losses**					
1.	Electricity Distribution Losses	((Number of Electricity Units Purchased and/or	7% - 10%		0	0
				Number of Units Purchased and/or Generated	197 396 272	199 277 489
				Number of Units Sold	179 039 553	176 427 122
2.	Water Distribution Losses	((Number of Kilolitres Water Purchased or Purified -	15% - 30%		0	0
				Number of Kilolitres Purchased and/or Purified	7 801 977	9 163 144
				Number of Kilolitres Sold	6 308 782	7 142 545
C.	**Revenue Management**					
1.	Growth in Number of Active	((Period under Review's Number of Active Debtor	None		(0)	(0)
				Number of Active Debtors Accounts (Previous)	32 154	39 721
				Number of Active Debtors Accounts (Current)	27 870	32 154
2.	Revenue Growth (%)	((Period under Review's Total Revenue -	= CPI		0	0
				CPI	0	0
				Total Revenue (Previous)	280 430 679	252 233 535
				Total Revenue (Current)	342 007 636	280 430 679
3.	Revenue Growth (%) - Excluding	((Period under Review's Total Revenue, excluding	= CPI		0	0
				CPI	0	0
				Total Revenue, excluding Capital Grants (Previous)	199 250 099	172 997 645
				Total Revenue, excluding Capital Grants (Current)	257 628 032	199 250 099
D.	**Expenditure Management**					
1.	Creditors Payment Period (Trade	(Trade Creditors Outstanding / Credit	30 Days		24	30
				Trade Creditors	16 465 705	16 553 584
				Contracted Services	-	-
				Repairs and Maintenance	28 294 786	21 119 447
				General Expenses	82 117 410	69 828 044
				Bulk Purchases	54 784 014	53 847 495
				Capital Credit Purchases	82 894 325	57 927 468
2.	Irregular, Fruitless & Wasteful and	((Irregular, Fruitless & Wasteful and	0%		0	0
				Irregular, Fruitless & Wasteful and Unauthorised Expenditure	8 183 613	16 162 189
				Total Operating Expenditure	296 009 145	264 920 873
				Taxation Expense	-	-
3.	Remuneration as % of Total	(Remuneration (Employee Related Costs	25% - 40%		0	0
				Employee / Personnel Related Cost	74 606 633	57 823 623
				Councillors Remuneration	6 743 473	6 418 885
				Total Operating Expenditure	296 009 145	264 920 873
				Taxation Expense	-	-
4.	Contracted Services % of Total	(Contracted Services / Total Operating	2% - 5%		-	-
				Contracted Services	-	-
				Total Operating Expenditure	296 009 145	264 920 873
				Taxation Expense	-	-

APPENDIX G

GA-SEGONYANA MUNICIPALITY

RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio		Formula	Norm / Range	Input Description	Data Inputs and Results	
					2014	2013
E.	**Grant Dependency**					
1.	(Own funded Capital Expenditure	(Own funded Capital Expenditure	None		1	1
				Internally Generated Funds	603 320	(3 995 234)
				Borrowings	-	-
				Total Capital Expenditure	603 320	(3 995 234)
2.	Own funded Capital Expenditure	(Own funded Capital Expenditure	None		1	1
				Internally Generated Funds	603 320	(3 995 234)
				Total Capital Expenditure	603 320	(3 995 234)
3.	Own Source Revenue to Total	(Own Source Revenue (Total Revenue -	None		1	1
				Total Revenue	342 007 636	280 430 679
				Government Grant and Subsidies	175 245 487	152 369 838
				Public Contributions and Donations	25 731 206	2 196 200
				Capital Grants	84 379 603	81 180 580
3.	**BUDGET IMPLEMENTATION**					
A.	**Efficiency**					
1.	Capital Expenditure Budget	(Actual Capital Expenditure / Budgeted	95% - 100%		#DIV/0!	#DIV/0!
				Actual Capital Expenditure	603 320	(3 995 234)
				Budgeted Capital Expenditure	-	-
2.	Operating Expenditure Budget	(Actual Operating Expenditure / Budgeted	95% - 100%		1	1
				Actual Operating Expenditure	296 009 145	264 920 873
				Budgeted Operating Expenditure	305 258 072	264 083 258
3.	Operating Revenue Budget	(Actual Operating Revenue / Budgeted	95% - 100%		1	1
				Actual Operating Revenue	342 007 636	280 430 679
				Budgeted Operating Revenue	294 315 147	261 441 792
4.	Service Charges and Property Rates	(Actual Service Charges and Property Rates Revenue	95% - 100%		1	1
				Actual Service Charges and Property Rates Revenue	117 706 241	110 461 000
				Budgeted Service Charges and Property Rates Revenue	135 656 374	112 275 763

Interpretation of Results:

The green colour indicates that the result is within the norm and is acceptable.

The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.

Data should be captured in the blue coloured cell to calculate a ratio.

\# In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced.